

**GCC Momentum Fund
State of Kuwait**

**Interim Condensed Financial Information (Unaudited)
and Independent Auditor's Review Report**
From 25 January 2023 (Registration date) till 31 March 2024

GCC Momentum Fund
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**The Fund Manager
GCC Momentum Fund
State of Kuwait**

Independent Auditor's Review Report on Interim Condensed Financial Information

Introduction

We have reviewed the accompanying interim condensed statement of financial position of GCC Momentum Fund ("the Fund") as at 31 March 2024, and the related interim condensed statements of profit or loss and other comprehensive income, changes in net assets attributable to Unit Holders and cash flows for the period from 25 January 2023 (Registration date) till 31 March 2024. The Fund Manager is responsible for preparation and fair presentation of this interim condensed financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim condensed financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed financial information is in agreement with the books of account of the Fund. We further report that to the best of our knowledge and belief, we have not become aware of any violations of the provision of Law No. 7 of 2010 regarding Establishment of Capital Markets Authority and Organisation of Security Activity and its Executive Regulations, as amended, and the Fund's Articles of Association, which might have material effect on the Fund's activities or its financial position.

**Qais M. Al Nisf
License No. 38 "A"
BDO Al Nisf & Partners**

Kuwait: 21 April 2024

GCC Momentum Fund
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Interim Condensed Statement of Financial Position (Unaudited)
As at 31 March 2024

		31 March 2024
	Notes	USD
ASSETS		
Current assets		
Bank balances and cash		521,186
Financial assets at fair value through profit or loss	3	10,220,979
Other receivables		38,279
Total assets		10,780,444
LIABILITIES		
Current liabilities		
Accrued expenses and other payables		24,854
Total liabilities		24,854
Net assets attributable to Unit Holders		10,755,590
Represented by:		
Unit Holders' contribution	4	9,210,460
Share premium		245,142
Retained earnings		1,299,988
Total		10,755,590
Outstanding number of units		921,046
Net asset value ("NAV") per unit ("USD")	5	11.68

DocuSigned by:



Kuwait Financial Centre K.P.S.C.
Fund Manager



Gulf Custody Company K.S.C. (Closed)
Fund Custodian and Investment controller

The accompanying notes on pages 6 to 9 form an integral part of this interim condensed financial information.



GCC Momentum Fund
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Interim Condensed Statement of Profit or Loss and Other Comprehensive Income (Unaudited)
From 25 January 2023 (Registration date) till 31 March 2024

		From 25 January 2023 (Registration date) till 31 March 2024
	Notes	USD
Income		
Realised gain on sale of financial assets at fair value through profit or loss		118,005
Unrealised gain on financial assets at fair value through profit or loss		1,066,184
Dividend income		281,701
Net foreign currencies exchange differences		(20,604)
Other income		14,237
		<u>1,459,523</u>
Expenses		
Management fee	6	(70,827)
Custodian and controller fee	7	(23,728)
General and administrative expenses		(64,980)
		<u>(159,535)</u>
Profit for the period		1,299,988
Other comprehensive income		-
Total comprehensive income for the period		<u>1,299,988</u>

The accompanying notes on pages 6 to 9 form an integral part of this interim condensed financial information.

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Interim Condensed Statement of Changes in Net Assets Attributable to Unit Holders (Unaudited)
From 25 January 2023 (Registration date) till 31 March 2024

	Unit Holders' contribution	Share premium	Retained earnings	Total
	USD	USD	USD	USD
Incorporation of Fund	7,000,980	-	-	7,000,980
Proceeds from subscription during the period	2,240,770	250,654	-	2,491,424
Redemption of redeemable units	(31,290)	(5,512)	-	(36,802)
Profit for the period	-	-	1,299,988	1,299,988
Total comprehensive income for the period	-	-	1,299,988	1,299,988
Balance as at 31 March 2024	9,210,460	245,142	1,299,988	10,755,590

The accompanying notes on pages 6 to 9 form an integral part of this interim condensed financial information.

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Interim Condensed Statement of Cash Flows (Unaudited)
From 25 January 2023 (Registration date) till 31 March 2024

	From 25 January 2023 (Registration date) till 31 March 2024
	<u>USD</u>
OPERATING ACTIVITIES	
Profit for the period	1,299,988
<i>Adjustments for:</i>	
Realised gain on sale of financial assets at fair value through profit or loss	(118,005)
Unrealised gain on financial assets at fair value through profit or loss	(1,066,184)
Dividend income	(281,701)
Net foreign currencies exchange differences	20,604
	<u>(145,298)</u>
<i>Changes in working capital:</i>	
Net movement in financial assets at fair value through profit or loss	(9,036,790)
Other receivables	(40,516)
Accrued expenses and other payables	24,854
Net cash flows used in operating activities	<u>(9,187,693)</u>
INVESTING ACTIVITIES	
Dividend income received	<u>253,277</u>
Net cash flows generated from investing activities	<u>253,277</u>
FINANCING ACTIVITIES	
Fund capital contribution	7,000,980
Proceeds from subscription during the period	2,491,424
Payments for units redeemed during the period	(36,802)
Net cash flows generated from financing activities	<u>9,455,602</u>
Net increase in bank balances and cash	<u>521,186</u>
Bank balances and cash at end of the period	<u>521,186</u>

The notes accompanying on pages 6 to 9 form an integral part of this interim condensed financial information.

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Notes to the Interim Condensed Financial Information (Unaudited)

From 25 January 2023 (Registration date) till 31 March 2024

1. GENERAL INFORMATION

GCC Momentum Fund ("the Fund") was established on 25 January 2023 in Kuwait in accordance with Law No. 31 of 1990, as amended. The Fund is governed under the Law No. 7 of 2010 as amended, pertaining to the establishment of the Capital Market Authority and organisation of Securities Activity. The Fund has a duration of 15 years commencing from the date of publishing the establishment approval in the official Gazette, the Fund term shall be automatically renewed for a period or periods other after obtaining the approval of the Capital Market Authority (CMA) and above 50% of the units' holders.

The Fund's investment activities are managed by Kuwait Financial Centre K.P.S.C. ("the Fund Manager") and Gulf Custody Company K.S.C. (Closed) is the Fund's custodian and investment controller ("the Fund Custodian").

The Fund Manager uses the S&P Momentum GCC Composite Index ("the index") as a benchmark in making investment decisions.

The Fund aims to invest in favour of willing Kuwaitis, citizens of the Gulf Cooperation Council (GCC), and foreigners "individuals and legal entities" in accordance with the law.

For the purpose of the Fund, a passive Fund that follows the investment policy index using the momentum methodology and this is done by investing in all components of the S&P Momentum GCC Composite Index and according to their relative weight in the index, with the aim of following its performance.

The aim of establishing this Fund is to provide a mechanism for investors to be exposed to a specific methodology, which is the momentum methodology in the Gulf stock markets, through the index provider's commitment to follow transparent rules in the process of selecting stocks while ensuring a reasonable level of liquidity and turnover.

All Fund's investments shall not be in conflict with provisions of Law No. 7 of 2010, its Executive Regulations, resolutions and instructions, as amended.

The Fund is a subsidiary of Kuwait Financial Centre K.P.S.C. ("Markaz") ("the Parent Company") and is owned by 76.01%.

The Fund's financial year starts first of January each year and ends on 31 December of the same year, except for the first financial year for the Fund as it starts from Registration date and ends on 31 December of the next year.

The registered office of the Fund is located in Burj Al Shaya tower, Floor 8, Al Soor Street, Mirqab, Kuwait.

The interim condensed financial information from 25 January 2023 (Registration date) till 31 March 2024 was approved for issue by the Fund Manager and the Fund Custodian on 21 April 2024.

2. BASIS OF PREPARATION

This interim condensed financial information of the Fund has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" and the Article of Association of the Fund, and applicable requirements of the Capital Markets Authority ("CMA").

This interim condensed financial information does not include all the information and disclosures required for complete annual financial statements prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for fair presentation have been included.

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Notes to the Interim Condensed Financial Information (Unaudited)

From 25 January 2023 (Registration date) till 31 March 2024

2. BASIS OF PREPARATION (CONTINUED)

The interim condensed financial information has been presented in US Dollars ("USD") which is the functional and presentation currency of the Fund.

3. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 March 2024
	USD
Local quoted securities	1,049,776
Foreign quoted securities	9,171,203
	<u>10,220,979</u>

4. UNIT HOLDERS' CONTRIBUTION

The Fund Capital consists of redeemable units of USD 10 each. The authorised capital of the Fund is variable between USD 7,000,000 as a minimum and USD 100,000,000 as a maximum. As at 31 March 2024, the capital of the Fund is USD 9,210,460.

5. NET ASSET VALUE ("NAV") PER UNIT ("USD")

	31 March 2024
Net assets attributable to Unit Holders ("USD")	10,755,590
Outstanding number of units	921,046
Net asset value ("NAV") per unit ("USD")	<u>11.68</u>

6. MANAGEMENT FEE

The Fund Manager is entitled to a management fee of 0.75% per annum of the Fund's net asset value. It is calculated and accrued on a weekly basis and paid monthly.

7. CUSTODIAN AND CONTROLLER'S FEE

Gulf Custody Company K.S.C. (Closed) carries out the duties of the Fund's custodian and controller. The Fund's custodian and controller's fee is 0.0625% each. It is calculated at 0.0625% of the net asset value of the Fund on a monthly basis and paid on a quarterly basis for custodian and the controller's fee, with minimum fee amount of USD 10,000 per annum.

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Notes to the Interim Condensed Financial Information (Unaudited)

From 25 January 2023 (Registration date) till 31 March 2024

8. RELATED PARTIES' DISCLOSURES

These represent balances and transactions with the Fund Manager and companies related to the Fund Manager under the terms of the Fund's Articles of Association, and the Fund's by-laws.

Balances and transactions with related parties included in the interim condensed financial information are as follows:

Statement of interim condensed financial position

	<u>31 March 2024</u>
	USD
Fund Manager (Accrued expenses and other payables)	8,189
Fund Custodian (Accrued expenses and other payables)	5,137

Interim condensed statement of profit or loss and other comprehensive income

	<u>From 25 January 2023 (Registration date) till 31 March 2024</u>
	USD
Other income	14,237
Management fee (Note 6)	70,827
Custodian and controller's fee (Note 7)	23,728
	<u>108,792</u>

The Fund Manager directly held 650,198 units representing 70.59% of the units issued as at 31 March. The Fund Manager indirectly has held 49,900 units representing 5.42% of the units issued. This is in accordance with the Articles of Association of the Fund which requires that the Fund Manager should not own less than KD 100,000 and not more than 95% of the Fund's contributed capital at any time.

9. FAIR VALUE MEASUREMENT

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities,
- Level 2: inputs other than quoted market prices included within Level 1 that are observable for the asset or liability; either directly (i.e. as prices) or indirectly (i.e. derived from prices), and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset is classified is determined based on the lowest level of significant input to the fair value measurement.

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9. FAIR VALUE MEASUREMENT (CONTINUED)

The financial assets at fair value through profit or loss are grouped into the fair value hierarchy as follows:

31 March 2024	Level 1	Total
	USD	USD
<i>Financial assets at fair value through profit or loss:</i>		
Local quoted securities	1,049,776	1,049,776
Foreign quoted securities	9,171,203	9,171,203
	<u>10,220,979</u>	<u>10,220,979</u>

The Fund has no investments which are in Level 2 and level 3. The carrying value of all other financial assets and financial liabilities approximate their fair values at the reporting date.