

NBK GULF EQUITY FUND
(A sub-fund of NBK Gulf Equity Funds Company B.S.C. (c))

Condensed interim financial information
For the six-month period ended 30 June 2024

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(A sub-fund of NBK Gulf Equity Funds Company B.S.C. (c))

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For the six-month period ended 30 June 2024**

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NBK GULF EQUITY FUND

(A sub-fund of NBK Gulf Equity Funds Company B.S.C. (c))

Information about the Fund**Directors of the Fund Company**

Mr. Faisal Al Hamad
Mr. Nabil N. Maroof (appointed w.e.f 13 May 2024)
Mr. Fahad Al-Bader (appointed w.e.f 13 May 2024)
Ms. Shaikha Al Bahar (resigned w.e.f 13 May 2024)
Mr. Valerio Salvati (resigned w.e.f. 13 May 2024)

Registered office

Flat 241, Building 113
Road 383
Manama Centre 316
Kingdom of Bahrain

Sponsor and distributor

National Bank of Kuwait S.A.K.P.
P.O. Box 95
Safat 13001
State of Kuwait

Investment manager

Watani Investment Company K.S.C.C.
NBK Tower, Sharq Area
Jaber Al-Mubarak & Al-Shuhada Street
Floor 35, Block 7, Plot 6
P.O. Box 4950, Safat, 13050 Kuwait

Administrator & Registrar

Keypoint Consulting W.L.L. Bahrain
24th Floor, NBB Tower
Government Avenue
P.O. Box 11718
Manama
Kingdom of Bahrain

Custodian

HSBC Bank Middle East Limited
Bahrain Branch
1st Floor, Head Office Building
P.O. Box 57
Seef District
Kingdom of Bahrain

Auditor

PricewaterhouseCoopers M.E Limited
Partner: John Molloy
47th Floor, Bahrain Financial Harbour, West Tower,
P.O. Box 60771,
Manama, Kingdom of Bahrain

NBK GULF EQUITY FUND

(A sub-fund of NBK Gulf Equity Funds Company B.S.C. (c))

Directors' report for the period ended 30 June 2024

The directors of NBK Gulf Equity Funds Company B.S.C. (c) (the "Company") have pleasure in submitting their report together with the reviewed condensed interim financial information of NBK Gulf Equity Fund (the "Fund"), a sub-fund of the Company for the six-month period ended 30 June 2024.

Principal activity

The purpose of the Company is to create investment funds and enter into instruments for the creation and issue of participating investment units and their management.

The principal investment objective of the Fund is to seek long-term capital appreciation by investing primarily in listed GCC country equities, and listed equities in other countries in the Middle East and North Africa (MENA) region.

Financial position

The financial position of the Fund as at 30 June 2024 is set out in the accompanying condensed interim financial information.

Directors

The following were directors of the Company as at 30 June 2024 and to the date of this report:

Mr. Faisal Al Hamad
Mr. Nabil N. Maroof (appointed w.e.f 13 May 2024)
Mr. Fahad Al-Bader (appointed w.e.f 13 May 2024)
Ms. Shaikha Al Bahar (resigned w.e.f 13 May 2024)
Mr. Valerio Salvati (resigned w.e.f. 13 May 2024)

By order of the Board of Directors



Mr. Nabil N. Maroof
Director



Mr. Fahad Al-Bader
Director

28 August 2024

Independent auditor's review report to the unitholders of NBK Gulf Equity Fund (A sub-fund of NBK Gulf Equity Funds Company B.S.C. (c))

Introduction

We have reviewed the accompanying condensed interim statement of financial position of NBK Gulf Equity Fund (the "Fund"), a sub-fund of NBK Gulf Equity Funds Company B.S.C. (c) (the "Company"), as at 30 June 2024 and the related condensed interim statements of comprehensive income, changes in net assets attributable to unitholders of the Fund and cash flows for the six month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim 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 condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting" as issued by IASB.

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers'.

John Molloy
Partner's registration number: 255
PricewaterhouseCoopers M.E Limited
Manama, Kingdom of Bahrain
28 August 2024

NBK Gulf Equity Fund

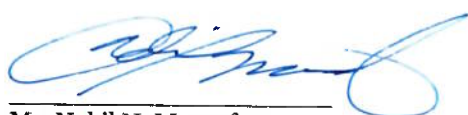
(A sub-fund of NBK Gulf Equity Funds Company B.S.C. (c))

Condensed interim statement of financial position

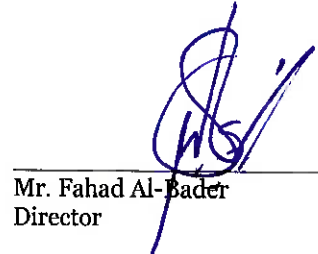
(Expressed in United States Dollars unless otherwise stated)

	Note	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Assets			
Current assets			
Cash and cash equivalents	5	902,537	659,210
Due from brokers		119,238	-
Other assets		50,225	24,647
Financial assets at fair value through profit or loss	4	22,089,275	23,104,257
Total assets		<u>23,161,275</u>	<u>23,788,114</u>
Liabilities			
Current liabilities			
Due to brokers		227,587	50,713
Accounts payable and accrued expenses	6	850,971	810,284
Total liabilities		<u>1,078,558</u>	<u>860,997</u>
Net assets attributable to the unitholders of the Fund	7	<u>22,082,717</u>	<u>22,927,117</u>
Number of units outstanding	7	<u>8,900,376</u>	<u>9,122,419</u>
Net Asset Value per unit	7	<u>2.48110</u>	<u>2.51327</u>

This condensed interim financial information was approved for issue by the Board of Directors of the Company on 28 August 2024 and signed on its behalf by:



Mr. Nabil N. Maroof
Director



Mr. Fahad Al-Bader
Director

The notes on pages 8 to 13 form an integral part of this condensed interim financial information.

NBK Gulf Equity Fund

(A sub-fund of NBK Gulf Equity Funds Company B.S.C. (c))

Condensed interim statement of comprehensive income

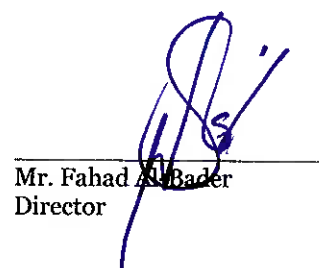
(Expressed in United States Dollars unless otherwise stated)

	Note	Six-month period ended	
		30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
Income			
Dividend income	8	529,213	494,481
Investment (loss) / income	4	(512,982)	1,025,058
Net foreign exchange loss		(8,123)	(7,767)
Other income		90	44
Total income		<u>8,198</u>	<u>1,511,816</u>
Expenses			
Management fees	9,10	(171,385)	(168,654)
Transaction costs		(45,602)	(27,150)
Custodian fees		(33,925)	(24,405)
Administration fees	10	(19,891)	(19,836)
Audit fees		(8,573)	(6,208)
Registrar fees		(7,658)	(7,637)
Other fees and expenses		(4,624)	(8,812)
Total expenses		<u>(291,658)</u>	<u>(262,702)</u>
(Decrease) / Increase in net assets attributable to the unitholders		(283,460)	1,249,114
Other comprehensive income		-	-
Total comprehensive (loss) / income for the period		<u>(283,460)</u>	<u>1,249,114</u>

This condensed interim financial information was approved for issue by the Board of Directors of the Company on 28 August 2024 and signed on its behalf by:



Mr. Nabil N. Maroof
Director



Mr. Fahad Al-Bader
Director

The notes on pages 8 to 13 form an integral part of this condensed interim financial information.

NBK Gulf Equity Fund

(A sub-fund of NBK Gulf Equity Funds Company B.S.C. (c))

Condensed interim statement of changes in net assets attributable to unitholders of the Fund

(Expressed in United States Dollars unless otherwise stated)

	Note	Number of units	Nominal value of units	Changes in net assets attributable to the unitholders of the Fund	Total net assets attributable to the unitholders of the Fund
At 1 January 2024 (Audited)		9,122,419	9,122,419	13,804,698	22,927,117
Redemption of units		(222,043)	(222,043)	(338,897)	(560,940)
Total comprehensive loss for the period		-	-	(283,460)	(283,460)
At 30 June 2024 (Unaudited)	7	8,900,376	8,900,376	13,182,341	22,082,717
At 1 January 2023 (Audited)		10,084,423	10,084,423	12,696,840	22,781,263
Redemption of units		(481,980)	(481,980)	(638,461)	(1,120,441)
Total comprehensive income for the period		-	-	1,249,114	1,249,114
At 30 June 2023 (Unaudited)		9,602,443	9,602,443	13,307,493	22,909,936

The notes on pages 8 to 13 form an integral part of this condensed interim financial information.

NBK Gulf Equity Fund

(A sub-fund of NBK Gulf Equity Funds Company B.S.C. (c))

Condensed interim statement of cash flows

(Expressed in United States Dollars unless otherwise stated)

		Six-month period ended	
	Note	30 June 2024 (Unaudited)	30 June 2023 (Unaudited)
Cash flows from operating activities			
(Decrease) / Increase in net assets attributable to the unitholders		(283,460)	1,249,114
Adjustments for:			
Dividend income	8	(540,059)	(505,136)
Withholding tax on dividend	8	10,846	10,655
Net foreign exchange loss		8,123	7,767
		(804,550)	762,400
Net changes in operating assets and liabilities:			
Financial assets at fair value through profit or loss		1,014,982	113,930
Due from brokers		(119,238)	532,141
Due to brokers		176,874	165,782
Other assets		(25,578)	185
Accounts payable and accrued expenses		48,089	(213,988)
Cash generated from operating activities		290,579	1,360,450
Withholding tax paid		(7,402)	(7,404)
Dividend income received	8	529,213	494,481
Net cash generated from operating activities		812,390	1,847,527
Cash flows from financing activity			
Payment on redemption of units		(560,940)	(1,120,441)
Net cash used in financing activity		(560,940)	(1,120,441)
Net increase in cash and cash equivalents		251,450	727,086
Net foreign exchange loss		(8,123)	(7,767)
Cash and cash equivalents at beginning of the period		659,210	416,344
Cash and cash equivalents at end of the period	5	902,537	1,135,663

The notes on pages 8 to 13 form an integral part of this condensed interim financial information.

NBK Gulf Equity Fund

(A sub-fund of NBK Gulf Equity Funds Company B.S.C. (c))

Notes to the condensed interim financial information for the six-month period ended 30 June 2024

(Expressed in United States Dollars unless otherwise stated)

1 Incorporation and background information

NBK Gulf Equity Fund (the "Fund") is an open-ended sub-fund of NBK Gulf Equity Funds Company B.S.C. (c) (the "Company"), a closed joint stock company incorporated in the Kingdom of Bahrain on 15 March 2005. The Company has been set up as a special purpose vehicle by National Bank of Kuwait S.A.K.P. which acts as the sponsor and placement agent of the Fund. Watani Investment Company K.S.C.C. acts as the investment manager of the Fund. The Fund commenced trading on 1 June 2005.

The Fund has been classified as an expert fund under the CBB Rulebook Volume 7. The units of the Fund were listed on the Bahrain Bourse on 29 May 2008 for registration purposes but there is no trading of these units on the Bahrain Bourse. The life of the Fund is 50 calendar years.

The investment objective of the Fund is to seek long-term capital appreciation by investing primarily in listed GCC countries equities, and listed equities in other countries in the Middle East and North Africa (MENA) region.

The Fund's investment and administration activities are managed by Watani Investment Company K.S.C.C. and Key point Consulting W.L.L. Bahrain, respectively.

2 Basis of preparation

This condensed interim financial information of the Fund for the six-month reporting period ended 30 June 2024 has been prepared in accordance with International Accounting Standard IAS 34 *Interim Financial Reporting*.

The accounting policies applied in the preparation of the condensed interim financial information are consistent with those applied in the annual audited financial statements for the year ended 31 December 2023. The interim report does not include all of the notes normally included in an annual financial statements. Accordingly, the condensed interim financial information should be read in conjunction with the annual audited financial statements for the year ended 31 December 2023, which have been prepared in accordance with IFRS Accounting Standards.

Costs that occur unevenly during the financial year are anticipated or deferred in the condensed interim financial information only if it would also be appropriate to anticipate or defer such costs at the end of the financial year. Due to the nature of the Fund's business, the results reported in this condensed interim financial information for the six-month period ended 30 June 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

(a) New and revised IFRS Accounting Standards adopted by the Fund

A number of amended standards became applicable for the current reporting period. The Fund did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

- Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants – Amendments to IAS 1, and
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7.

(b) New standards, amendments and interpretations not yet adopted

In August 2023, the IASB amended IAS 21 to help entities to determine whether a currency is exchangeable into another currency, and which spot exchange rate to use when it is not. These new requirements will apply for annual reporting periods beginning on or after 1 January 2025. The management of the Fund is currently assessing the impact of this amendment on the Fund's financial statements.

NBK Gulf Equity Fund

(A sub-fund of NBK Gulf Equity Funds Company B.S.C. (c))

Notes to the condensed interim financial information for the six-month period ended 30 June 2024

(Expressed in United States Dollars unless otherwise stated)

3 Critical accounting judgements and key sources of estimation of uncertainty financial assets at fair value through profit or loss

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed interim financial information, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2023.

4 Financial assets at fair value through profit or loss

	30 June 2024		31 December 2023	
	USD		USD	
Investments in listed equity securities:	(Unaudited)	%	(Audited)	%
Saudi Arabia	13,686,616	61.96%	13,696,729	59.28
United Arab Emirates	4,718,716	21.36%	4,520,604	19.57
Qatar	1,801,549	8.16%	2,591,927	11.22
Kuwait	1,882,394	8.52%	2,294,997	9.93
Total financial assets designated at fair value through profit or loss	22,089,275	100	23,104,257	100

- 4.1 The Fund holds investments in 43 securities (31 December 2023: 43 securities) as follows. The fair value of these securities based on their quoted prices and percentage of total financial assets at fair value through profit or loss as at the reporting date are set out below.

	At 30 June 2024	
	Fair Value USD	Value of investment as a percentage of fair value
Al-Rajhi Bank	3,233,328	14.64%
The Saudi National Bank	1,649,427	7.47%
National Bank of Kuwait	1,268,079	5.74%
Saudi Arabian Oil Co.	1,044,044	4.73%
Qatar National Bank	1,006,187	4.56%
Emaar Properties	985,252	4.46%
Alinma Bank	908,360	4.11%
Aldar Properties	705,319	3.19%
Adnoc Drilling	657,475	2.98%
Abu Dhabi Islamic Bank	624,090	2.82%
Others	10,007,714	45.30%
	22,089,275	100.00%

NBK Gulf Equity Fund

(A sub-fund of NBK Gulf Equity Funds Company B.S.C. (c))

Notes to the condensed interim financial information for the six-month period ended 30 June 2024

(Expressed in United States Dollars unless otherwise stated)

4 Financial assets at fair value through profit or loss (continued)

	At 31 December 2023	
	Fair Value USD	Value of investment as a percentage of fair value
Al-Rajhi Bank	3,072,342	13.30%
The Saudi National Bank	1,977,880	8.56%
Alinma Bank	1,144,339	4.95%
National Bank of Kuwait	1,060,466	4.59%
Kuwait Finance House	987,490	4.27%
Saudi Arabian Oil Co.	980,118	4.24%
Qatar National Bank	965,082	4.18%
Emaar Properties	847,031	3.67%
Aldar Properties	753,497	3.26%
Qatar Islamic Bank	604,244	2.62%
Others	10,711,768	46.36%
	23,104,257	100.00%

4.2 Net fair value movement of financial assets at fair value through profit or loss for the period ended are as follows:

	Six-month period ended	
	30 June 2024	30 June 2023
	(Unaudited)	(Unaudited)
Realised fair value gain on sale	1,704,809	1,179,831
Unrealised fair value loss	(2,217,791)	(154,773)
	(512,982)	1,025,058

4.3 The movement of financial assets at fair value through profit or loss is summarized below:

	30 June 2024	31 December 2023
	(Unaudited)	(Audited)
Balance at beginning of period/year	23,104,257	22,648,885
Purchases during the period/year	11,295,841	17,080,555
Disposals during the period/year	(11,797,841)	(18,807,240)
Net fair value movement	(512,982)	2,182,057
Balance at end of period/year	22,089,275	23,104,257

5 Cash and cash equivalents

	Credit rating	30 June 2024	31 December 2023
		(Unaudited)	(Audited)
Current accounts with National Bank of Kuwait S.A.K.P. - NBK (Note 9)	A+	196	248
Other bank balances	A+	902,341	658,962
		902,537	659,210

NBK Gulf Equity Fund

(A sub-fund of NBK Gulf Equity Funds Company B.S.C. (c))

Notes to the condensed interim financial information for the six-month period ended 30 June 2024

(Expressed in United States Dollars unless otherwise stated)

6 Accounts payable and accrued expenses

	30 June 2024	31 December 2023
	(Unaudited)	(Audited)
Taxes payable	614,716	609,664
Management and performance fee (Note 9)	115,062	112,767
Custodian fee	51,726	26,769
Other expenses	28,563	28,564
Audit fees	27,130	18,556
Administration fee	9,945	10,082
Registrar fee	3,829	3,882
	850,971	810,284

7 Fund units and unit valueNominal value

The initial offer price of the Fund unit was USD 1 each.

Net asset value

The subscription price is the price at which the units are offered to subscribers which is based upon the NAV per unit of the Fund at close of business on the relevant valuation day.

	30 June 2024	31 December 2023
	(Unaudited)	(Audited)
Net asset value attributable to the unitholders of the Fund	22,082,717	22,927,117
Number of units outstanding	8,900,376	9,122,419
Nominal value of units outstanding	8,900,376	9,122,419
Net assets value per unit	2.48110	2.51327

There are no differences between the NAV calculated as per IFRS and the NAV calculated in accordance with the Fund's prospectus.

8 Dividend income

Dividend income for the six-month periods ended 30 June 2024 and 30 June 2023 is as follows:

	Six-month period ended 30 June 2024	30 June 2023
	(Unaudited)	(Unaudited)
Dividend income	540,059	505,136
Withholding tax on dividend	(10,846)	(10,655)
	529,213	494,481

NBK Gulf Equity Fund

(A sub-fund of NBK Gulf Equity Funds Company B.S.C. (c))

Notes to the condensed interim financial information for the six-month period ended 30 June 2024

(Expressed in United States Dollars unless otherwise stated)

9 Related parties transactions and balances

Parties are considered to be related if one party has the ability to control the other party or it exercises significant influence over the other party in making financial or operational decisions.

Related parties of the Fund comprise of Watani Investment Company K.S.C.C. which is the investment manager, National Bank of Kuwait S.A.K.P. (NBK) which is the sponsor and distributor of the Fund, and National Investors Group Holding Ltd which is the subsidiary of the sponsor of the Fund. The Fund does not have any employees.

The following are the transactions and balances with the related parties:

(i) Transactions with related parties

	Six-month period ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Management fees to the investment manager	171,385	168,654

(ii) Balances with related parties

	30 June 2024	31 December 2023
	(Unaudited)	(Audited)
Management fees payable to the investment manager (note 6)	83,444	81,149
Performance fees payable to the investment manager (note 6)	31,618	31,618
Current account balance with National Bank of Kuwait S.A.K.P. (Operator of the Fund) (note 5)	196	248

(iii) Related parties held the following units in the Fund:

	30 June 2024	31 December 2023
	Number of units	Number of units
	(Unaudited)	(Audited)
National Bank of Kuwait S.A.K.P. (Fund sponsor)	208,000	908,000
Watani Investment Company K.S.C.C. (Investment manager)	1,200,000	1,200,000
National Investors Group Holdings Ltd (Fund sponsor's subsidiary)	4,200,000	3,500,000

10 Administration, management and performance fees

As per the terms of the administration agreement, an administration fee is payable to the Fund's administrator, Keypoint Consulting W.L.L. Bahrain. The annual administration fee is equal to a nominal 0.08% per annum of the weekly NAV of the Fund up to USD 50 million or is equal to a nominal 0.07% per annum of the weekly NAV of the Fund up to USD 75 million or is equal to a nominal 0.06% per annum of the weekly NAV of the Fund above USD 75 million at the end of each week subject to a minimum of USD 40,000 per annum, whichever is higher.

NBK Gulf Equity Fund

(A sub-fund of NBK Gulf Equity Funds Company B.S.C. (c))

Notes to the condensed interim financial information for the six-month period ended 30 June 2024

(Expressed in United States Dollars unless otherwise stated)

10 Administration, management and performance fees (continued)

During the six-month period ended 30 June 2024, the administration fee expense relating to services provided by Keypoint Consulting W.L.L. amounted to USD 19,891 (30 June 2023: USD 19,836).

The Fund pays to the Investment Manager an investment management fee up to 1.5% per annum based on the average weekly NAV of the Fund. During the six-month period ended 30 June 2024 the management fee amounted to USD 171,385 (30 June 2023: USD 168,654).

The Investment Manager is paid a performance fee equal to 10% for every 1.0% or part thereof by which the Fund's return during the financial year exceeds 10%. During the six-month period ended 30 June 2024, the performance fee amounted to Nil (30 June 2023: Nil).

11 Financial risk management

The condensed interim financial information does not include all financial risk management information and disclosures required in the annual audited financial statements and should be read in conjunction with the Fund's annual audited financial statements as at 31 December 2023.

There have been no changes in the risk management department or in any risk management policies since year end.

11.1 Geographical segmentation

For the geographical segmentation of the Fund's financial assets at fair value through profit or loss refer to Note 4.

11.2 Liquidity risk

Compared to the year ended 31 December 2023, there was no material change in the contractual undiscounted cash outflows for financial liabilities.

11.3 Fair value estimation

All the Fund's financial assets at fair value through profit or loss as at 30 June 2024 and 31 December 2023 represented Level 1 financial instruments. All other assets and liabilities are at amortized cost that reflect a reasonable approximation of their fair value. There were no changes in valuation techniques during the period. There were no transfers between level 1, level 2 and level 3 of the fair value hierarchy during the period.

12 Seasonal items

Dividend income is unpredictable and is recognized when the Fund's entitlement to dividend income is established.