Global Mamoun Fund
(Fund Manager – Global Investment House K.S.C.C)
Kuwait

Annual Financial Statements and Independent Auditor's Report
30 June 2019

Index

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Global Mamoun Fund
(Fund Manager – Global Investment House K.S.C.C)
Kuwait

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Global Mamoun Fund ("the Fund") (Fund Manager - Global Investment House K.S.C.C.), which comprise the statement of financial position as at 30 June 2019, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 30 June 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code),* and we have fulfilled our other ethical responsibilities in accordance with the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Fund Manager for the Financial Statements

Fund Manager is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as the Fund Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Fund Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Unit Holders either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Fund Manager is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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INDEPENDENT AUDITOR'S REPORT TO THE FUND MANAGER (Continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund Manager.
- Conclude on the appropriateness of the Fund Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Fund Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion proper books of accounts have been kept by the Fund and the financial statements are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit, and that the financial statements incorporate all information that is required by the Funds' Articles of Association and that, to the best of our knowledge and belief, no violations of the Articles of Association have occurred during the year ended 30 June 2019 that might have had a material effect on the business of the Fund or on its financial position.

We further report that, during the course of our audit, to the best of our knowledge and belief, we have not become aware of any material violations of the provisions of Law No. 7 of 2010, concerning the Capital Markets Authority and its related regulations during the year ended 30 June 2019, that might have had a material effect on the business of the Fund or on its financial position.

Bader A. Al-Wazzan
Licence No. 62A
Deloitte & Touche
Al-Wazzan & Co.

Kuwait
8 August 2019

Global Mamoun Fund
(Fund Manager – Global Investment House K.S.C.C)
Kuwait
Statement of Financial Position as at 30 June 2019

	Notes	Kuwaiti Dinars 30 June 2019	Kuwaiti Dinars 30 June 2018
ASSETS			
Cash and cash equivalents	3	216,656	189,875
Investments at fair value through profit or loss	4	4,585,314	4,397,649
Other receivables	5	17,399	63,636
Total assets		4,819,369	4,651,160
LIABILITIES			
Trade and other payables	6	52,570	20,781
Total liabilities		52,570	20,781
EQUITY			
Share capital	7	5,718,718	6,597,196
Equalization reserve	7	3,307,010	3,063,001
Accumulated losses		(4,258,929)	(5,029,818)
Total equity		4,766,799	4,630,379
Total equity and liabilities		4,819,369	4,651,160
Net asset value per redeemable units	8	0.833	0.702

The accompanying notes 1 to 14 form an integral part of these financial statements.

Fund Manager
Global Investment House K.S.C.C

Fund Custodian
Gulf Custody Company K.S.C.C

Statement of Profit or Loss and Other Comprehensive Income – year ended 30 June 2019

	Notes	Kuwaiti Dinars	
		2019	**2018**
Revenue			
Investments at fair value through profit or loss			
- realized gain		76,983	350
- unrealized gain		598,613	256,920
Dividend income		169,408	191,480
Interest income		110	68
Other income		-	35
		845,114	448,853
Expenses			
Management fees	9	(26,989)	(29,187)
Custodian fees	6	(4,583)	(4,527)
Management incentive fee		(33,513)	(26,158)
General and administrative expenses		(9,140)	(7,402)
		(74,225)	(67,274)
Profit for the year		770,889	381,579
Other comprehensive income		-	-
Total comprehensive income for the year		770,889	381,579

The accompanying notes 1 to 14 form an integral part of these financial statements.

Global Mamoun Fund
(Fund Manager – Global Investment House K.S.C.C)
Kuwait

Statement of Changes in Equity - year ended 30 June 2019

	Kuwaiti Dinars			
	Share capital	**Equalization reserve**	**Accumulated losses**	**Total**
Balance at 30 June 2017	6,655,797	3,044,136	(5,411,397)	4,288,536
Redemptions during the year	(58,601)	18,865	-	(39,736)
Total comprehensive income for the year	-	-	381,579	381,579
Balance at 30 June 2018	6,597,196	3,063,001	(5,029,818)	4,630,379
Subscriptions during the year	751,062	(202,042)	-	549,020
Redemptions during the year	(1,629,540)	446,052	-	(1,183,488)
Total comprehensive income for the year	-	-	770,889	770,889
Balance at 30 June 2019	5,718,718	3,307,010	(4,258,929)	4,766,799

The accompanying notes 1 to 14 form an integral part of these financial statements.

Global Mamoun Fund
(Fund Manager – Global Investment House K.S.C.C)
Kuwait

Statement of Cash Flows – year ended 30 June 2019

	Notes	Kuwaiti Dinars 2019	2018
Cash flows from operating activities			
Profit for the year		770,889	381,579
Adjustment for:			
Increase in investments at fair value through profit and loss		(187,665)	(254,959)
Decrease/(increase) in other receivables		46,237	(63,636)
Increase/(decrease) in trade and other payables		31,788	(72)
Net cash from operating activities		661,249	62,912
Cash flows from financing activities			
Redemption of units		(1,183,488)	(39,736)
Subscription of units		549,020	-
Net cash used in financing activities		(634,468)	(39,736)
Net increase in cash and cash equivalents		26,781	23,176
Cash and cash equivalents			
at beginning of year		189,875	166,699
at end of year	3	216,656	189,875

The accompanying notes 1 to 14 form an integral part of these financial statements.

1. Incorporation and activities

Global Mamoun Fund (the Fund) was incorporated in Kuwait by Ministerial decree No. 7 dated 17 January 2001 in accordance with Law No. 31 of 1990 concerning Stock Exchange Regulations and Establishment of Investment Funds. The Fund is regulated by Capital Markets Authority established under Law No. 7 of 2010.

The Fund Manager is Global Investment House K.S.C.C. and the Fund's Custodian is Gulf Custody Company K.S.C.C. The Fund Manager's registered office is located at Sharq, Al Shuhada street in the State of Kuwait.

The Fund has no employees.

The Fund's objective is to achieve capital appreciation by investing primarily in the shares of companies listed on the Boursa Kuwait (previously known as Kuwait Stock Exchange). The Fund is also permitted to invest in new issuances of local shares, money market instruments such as government bonds and short term and medium term deposits, and other funds having investments in money market instruments and local equities.

The Fund was a close ended fund listed on the Kuwait Stock Exchange with an initial duration of five years from date of establishment of the Fund. On 12 June 2006 the unit holders resolved to convert the Fund to an open ended fund in accordance with Ministerial Decree No. 225 dated 3 June 2006 and to amend the Articles of Association to extend the duration of the Fund to 15 years from the date of conversion. Accordingly, the Fund was delisted on the Kuwait Stock Exchange on 30 June 2006.

These financial statements have been approved for issue by the Fund Manager and the Fund Custodian on 8 August 2019.

2. Basis of preparation and significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards - IFRS (International Accounting Standards and Interpretations issued by the International Financial Reporting Interpretations Committee) under the historical cost convention modified for the fair valuation of financial instruments classified as "at fair value through profit or loss".

2.2 New and amended IFRS Standards that are effective for the current year

IFRS 9: Financial Instruments

The Fund has adopted IFRS 9: Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives.

Additionally, the Fund adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures.

IFRS 9 introduced new requirements for:

1) The classification and measurement of financial assets and financial liabilities,
2) Impairment of financial assets, and
3) General hedge accounting.

Details of these new requirements as well as their impact on the Fund's financial statements are described below.

The Fund has applied transition provisions of IFRS 9 in accordance with the modified retrospective method.

The date of initial application (i.e. the date on which the Fund has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 July 2018. Accordingly, the Fund has applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1 July 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 July 2018. Comparative amounts in relation to instruments that continue to be recognised as at 1 July 2018 have not been restated.

(a) Classification and measurement of financial assets

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The Fund Manager reviewed and assessed the Fund's existing financial assets as at 1 July 2018 based on the facts and circumstances that existed at that date and concluded that all financial assets and financial liabilities will continue to be measured on the same bases as is adopted under IAS 39.

(b) Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Fund to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets.

In particular, IFRS 9 requires the Fund to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset.

However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Fund is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

(c) Classification and measurement of financial liabilities

The application of IFRS 9 has had no impact on the classification and measurement of the Fund's financial liabilities since, all financial liabilities of the Fund was measured at amortised cost.

(d) Disclosures in relation to the initial application of IFRS 9

The Fund Manager has assessed that the impact of ECL as at 1 July 2018 and 30 June 2019 are not significant to the financial statements taken as a whole and therefore, no adjustments were made on the accumulated losses as at 1 July 2018 and profit for the year ended 30 June 2019.

The following table shows the original classification and measurement categories in accordance with IAS 39 and the new classification and measurement categories under IFRS 9 for the Fund's financial assets and financial liabilities:

	Classification under IAS 39	Classification under IFRS 9	Carrying amount under IAS 39	Carrying amount under IFRS 9
			KD	KD
Financial assets				
Cash and cash equivalents	Loans and receivables	Amortised cost	189,875	189,875
Investments at fair value through profit or loss	FVTPL	FVTPL	4,397,649	4,397,649
Other receivables	Loans and receivables	Amortised cost	63,636	63,636
Financial liabilities				
Trade and other payables	Financial liabilities other than at fair value through profit or loss	Amortised cost	20,781	20,781

Re-measurement impact on cash and cash equivalents and other receivables is not material to the financial statements.

Impact of application of IFRS 15 'Revenue from Contracts with customers'

The Fund has adopted IFRS 15 Revenue from contracts with customers effective from 1 July 2018. This standard supersedes IAS 11 Construction Contracts and IAS 18 Revenue along with related IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31. IFRS 15 establishes a new five step model to account for revenue arising from contract with customers. The adoption of this standard does not result in any change in accounting policies of the Fund and does not have any material effect on the Fund's financial statements.

2.3 New and revised IFRSs in issue but not yet effective

The Fund has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
Annual Improvements to IFRS Standards 2015–2017 Cycle amending IFRS 3, IFRS 11, IAS 12 and IAS 23	1 January 2019
IFRIC 23 *Uncertainty over Income Tax Treatments*	1 January 2019
IFRS 16 *Leases*	1 January 2019

The Fund Manager assess that these new Standards, Interpretations and amendments will have no impact on the financial statements of the Fund.

2.4 Financial Instruments

Classification and Measurement of Financial assets

The Fund determines the classification of financial assets based on the business model it uses to manage the financial assets and the contractual cash flow characteristics of the financial assets.

Business model assessment

The Fund determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Fund's business model is not assessed on an instrument by instrument basis but at a higher level of aggregated portfolios and is based on a number of observable factors. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Fund's original expectations, the Fund does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI test)

The Fund assesses the contractual terms of financial assets to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset. Interest is defined as consideration for time value of money and for the credit risk associated with the principal and for other basic lending risks and costs as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Fund considers whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

The Fund classifies its financial assets upon initial recognition into the following categories:

- Financial assets carried at amortised cost
- Financial assets carried at fair value through profit or loss (FVTPL)

Financial assets carried at Amortised cost:

A financial asset is carried at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets carried at amortised cost are subsequently measured at amortised cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss and other comprehensive income. Any gain or loss on derecognition is recognised in the statement of profit or loss and other comprehensive income.

Financial assets carried at fair value through profit or loss:

Financial assets in this category are those assets which have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management designates an instrument at FVTPL that otherwise meet the requirements to be measured at amortised cost or at FVOCI only if it eliminates, or significantly reduces, an accounting mismatch that would otherwise arise. Financial assets with contractual cash flows not representing solely payment of principal and interest are mandatorily required to be measured at FVTPL.

Financial assets at FVTPL are subsequently measured at fair value. Changes in fair value are recognised in the statement of profit or loss and other comprehensive income. Dividend income from equity investments measured at FVTPL is recognised in the statement of profit or loss and other comprehensive income when the right to the payment has been established.

Reclassification of financial assets

The Fund does not reclassify its financial assets subsequent to their initial recognition.

Recognition and de-recognition

The Fund recognizes financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instruments. A financial asset (in whole or in part) is de-recognised when the right to the cash flows from the financial asset expires or, when the Fund transfers substantially all the risks and rewards of ownership. A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expired.

A regular way purchase and sale of financial assets are recognized using trade date accounting. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulations or conventions in the market place.

Impairment of financial assets

The Fund applies 'Expected Credit Loss' (ECL) model under IFRS 9 for cash and cash equivalents and other receivables measured at amortised cost using the general approach. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; the time value of money and reasonable and supportive information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

General approach

The Fund applies three stage approach to measure ECL as follows:

Stage 1: 12-month ECL

The Fund measures loss allowances at an amount equal to 12-month ECL on financial assets where there has not been significant increase in credit risk since their initial recognition or on exposures that are determined to have a low credit risk at the reporting date. The Fund considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Stage 2: Lifetime ECL – not credit impaired

The Fund measures loss allowances at an amount equal to lifetime ECL on financial assets where there has been a significant increase in credit risk since initial recognition but are not credit impaired.

Stage 3: Lifetime ECL – credit impaired

The Fund measures loss allowances at an amount equal to lifetime ECL on financial assets that are determined to be credit impaired based on objective evidence of impairment.

Life time ECL is ECL that result from all possible default events over the expected life of a financial instrument. The 12 month ECL is the portion of life time expected credit loss that result from default events that are possible within the 12 months after the reporting date. Both life time ECLs and 12 month ECLs are calculated on either an individual basis or a collective basis depending on the nature of the underlying portfolio of financial instruments.

Determining the stage of impairment

At each reporting date, the Fund assesses whether a financial asset or group of financial assets is credit impaired. The Fund considers a financial asset to be credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred or when contractual payments are 90 days past due.

At each reporting date, the Fund also assesses whether there has been significant increase in credit risk since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date with the risk of default at the date of initial recognition. The quantitative criteria used to determine a significant increase in credit risk is a series of relative and absolute thresholds. All financial assets that are 30 days past due are deemed to have significant increase in credit risk since initial recognition and migrated to stage 2 even if other criteria do not indicate a significant increase in credit risk.

Measurement of ECLs

ECLs are probability weighted estimates of credit losses and are measured as the present value of all cash shortfalls discounted at the effective interest rate of the financial instrument. Cash shortfall represent the difference between cash flows due to the Fund in accordance with the contract and the cash flows that the Fund expects to receive. The key elements in the measurement of ECL include probability of default (PD), loss given default (LGD) and exposure at default (EAD). The Fund estimates these elements using appropriate credit risk models taking into consideration the internal and external credit ratings of the assets, nature and value of collaterals, forward looking macro-economic scenarios etc.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented as a deduction from the gross carrying amount of the financial assets for financial assets carried at amortised cost.

Fair values

Fair value is 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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Fund.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For financial instruments quoted in an active market, fair value is determined by reference to quoted market prices. Closing prices are used for assets and offer prices are used for liabilities. The fair value of investments in mutual funds, unit trusts or similar investment vehicles are based on the last published net assets value.

For financial instruments carried at amortised cost, the fair value is estimated by discounting future cash flows at the current market rate of return for similar financial instruments.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Fund has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.5 Cash and cash equivalents

Current account balances and term deposits with banks whose original maturities do not exceed three months are classified as cash and cash equivalents in the statement of cash flows.

2.6 Redeemable units

The Fund issues redeemable units, which are redeemable at the holder's option and are classified as equity in accordance with the amendment to IAS 32. The redeemable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value.

If the redeemable units' terms or conditions change such that they do not comply with the strict criteria contained in the amendment, the redeemable units would be reclassified to a financial liability from the date the instrument ceases to meet the criteria. The financial liability would be measured at the instrument's fair value at the date of reclassification. Any difference between the carrying value of the equity instrument and fair value of the liability on the date of reclassification would be recognised in equity.

The units are issued and redeemed at the holders' option at prices based on the Fund's net assets value per unit at the time of issue or redemption. The Fund's net asset value per unit is calculated by dividing the total equity with the total number of outstanding redeemable units.

2.7 Revenue recognition

Gains and losses on sale of investments represent the difference between the selling price and the investment's carrying value. Realized gains or losses are recognized in the statement of profit or loss and other comprehensive income.

Dividend income is recognized when the right to receive payment is established and interest income is recognized using the effective interest yield method.

2.8 Distributions payable to redeemable unit holders

Dividend distribution to the Fund's unit holders is recognised as a liability in the Fund's financial statements in the period in which dividends are approved by the regulatory authority.

2.9 Foreign currencies

The Fund's functional currency is the Kuwaiti Dinar. Foreign currency transactions are recorded in Kuwaiti Dinars at the exchange rates prevailing at the trade date of the transactions. Monetary assets and liabilities in foreign currencies at year end are converted into Kuwaiti Dinars at the exchange rates prevailing at the statement of financial position date. Resultant exchange gains or losses are taken to the statement of profit or loss and other comprehensive income.

2.10 Critical accounting estimates and judgments

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that may affect amounts reported in these financial statements, as actual results could differ from those estimates. It also requires management to exercise its judgment in the process of applying the Fund's accounting policies.

Measurement of the expected credit loss allowance

Loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Fund uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Fund's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

3. Cash and cash equivalents

This represents current account balances with local commercial banks. ECL change on bank balances as at 1 July 2018 and 30 June 2019 is not material to the financial statements.

4. Investments at fair value through profit or loss

Investments at fair value through profit or loss represent shares listed on the Boursa (previously known as Kuwait Stock Exchange). The following are the sectorial classification of these investments.

	Kuwaiti Dinars	
	2019	**2018**
Banking	2,231,175	1,739,287
Financial services	88,000	124,000
Industrial	527,421	662,064
Basic material	355,865	537,100
Real estate	442,500	621,640
Telecommunication	357,075	332,775
Aviation	489,813	380,783
Consumer Services	93,465	-
	4,585,314	4,397,649

5. Other receivables

	Kuwaiti Dinars	
	2019	**2018**
Dividend receivable	8,800	22,500
Trading account with custodian	8,597	41,132
Others	2	4
	17,399	63,636

ECL change on other receivables as at 1 July 2018 and 30 June 2019 are not material to the financial statements.

6. Trade and other payables

	Kuwaiti Dinars	
	2019	**2018**
Accrued management fees	6,837	7,528
Accrued custodian fees	1,200	1,153
Accrued audit fee expense	3,500	3,500
Dividend payable	7,008	7,008
Incentive fee payable	33,513	-
Other accrued expenses	512	1,592
	52,570	20,781

The Fund Custodian is paid an annual fee of 0.1% (30 June 2018: 0.1%) of the Fund's net asset value calculated weekly and paid quarterly.

7. Equity

The Fund has capital units ranging from 5,000,000 to 200,000,000 units (30 June 2018: 5,000,000 to 200,000,000 units) with par value of KD 1 each (30 June 2018: par value KD 1 each). These units are issued and redeemed at the unit holders' option based on the value of the Fund's net assets at the time of issue or redemption which is done on weekly basis.

As at 30 June 2019, the Fund's issued units at nominal value were 5,718,718 units (30 June 2018: 6,597,196 units).

Equalization reserve

Shortfalls/surpluses of par value on redemptions/subscriptions are taken to the equalization reserve.

8. Net asset value per redeemable unit

	2019	2018
Net assets attributable to redeemable unit holders (KD)	4,766,799	4,630,379
Number of redeemable units	5,718,718	6,597,196
Net asset value per redeemable unit (KD)	0.833	0.702

9. Related parties transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. During the year, the Fund entered into transactions with related parties on terms approved by the Fund's management.

The Fund Manager is paid an annual fee of 1.25% (30 June 2018: 1.25%) of the Fund's net assets value, excluding value of net assets held by the custodian, calculated weekly and paid quarterly. The Fund Manager is also entitled to an incentive fee of 20% of any appreciation in the net assets value per unit exceeding 15% per annum in a financial year, calculated weekly and paid annually at the end of the accounting year. In the event that units are redeemed, the incentive fees in respect of such units shall be calculated and becomes payable on the date of such redemption.

The Fund Manager is also entitled, at its discretion, a subscription fee of 2% (30 June 2018: 2%) on subscriptions as a placement agent.

The Fund Manager is required to hold a minimum of 250,000 of the issued units subject to a maximum of 75%. The Fund Manager holds 2,049,162 units representing 35.83% as at 30 June 2019 (30 June 2018: 1,366,122 units representing 20.71%). 56.329% of the outstanding units as at 30 June 2019 (30 June 2018: 48.82%) is held by another fund, managed by the Fund Manager.

Fund management fee is disclosed in the statement of profit or loss and other comprehensive income and the related accrual is disclosed in Note 6.

During the year, incentive fee of KD 33,513 is payable to the Fund Manager as the appreciation in net asset value exceed the 15% threshold as defined in the Articles of Association (30 June 2018: KD 26,158).

10. Fair value of financial instruments

The Fund's assets and liabilities include the following financial instruments acquired in the normal course of business.

Cash and cash equivalents
Investment at fair value through profit or loss
Other receivables
Trade and other payables

Fair value

Fair value is determined as disclosed in Note 2.4.

Quoted securities as disclosed in Note 4 are traded in active markets and these are classified as level 1 category investments.

For financial instruments carried at amortized cost, fair values are not materially different from their carrying values and are used only for disclosure purpose. Fair value of such financial instruments are classified under level 3 determined based on discounted cash flow basis, with most significant inputs being the discount rate that reflects the credit risk of counterparties.

11. Financial risk management

The Fund's use of financial instruments exposes it to a variety of financial risks such as market risk, credit risk and liquidity risk. The Fund maintains positions in a variety of financial instruments based on the Fund Manager's investment management strategy, which is primarily driven by the Fund's investment objective as described in Note 1. Asset allocation is determined by the Fund Manager who manages the distribution of the assets to achieve those objectives. Risk management is carried out by the Fund Manager in accordance with the policies and procedures in place.

The significant risks that the Fund is exposed to are discussed below.

Market risk

Market risk is the risk that an enterprise may incur financial losses due to adverse movements in market price of investments or interest and foreign currency rates. The Fund's equity instruments are susceptible to market price risk arising from uncertainties about future prices of the instruments. According to the Fund's Articles of Association the Fund is required to adopt a balanced investment policy through a careful selection of securities and other financial instruments within specified limits that aims to reduce market risk. The Fund's overall market positions are monitored on a regular basis by the Fund Manager.

(a) Equity price risk

Equity price risk is the risk that the value of the instrument will fluctuate as a result of changes in equity market prices, whether caused by factors specific to an individual investment, issuer or all factors affecting all instruments traded in the market. The Fund is exposed to equity price risk because majority of the Fund's financial assets are quoted equity investments held and classified in the statement of financial position as investments at fair value through profit or loss and therefore all changes in market conditions will directly affect the statement of profit or loss and other comprehensive income. The Fund Manager moderates this risk through a careful selection of securities with specified sectoral limits within a market and also by a diversified portfolio of instruments traded on various markets. Details of investments at fair value through profit or loss and sectoral classification of listed equity investments at the date of statement of financial position are disclosed in Note 4.

A 5% increase/decrease in equity indices, with all other variables held constant, would have increased/ decreased the net assets attributable to redeemable unit holders by KD 235,926 (30 June 2018: KD 220,440).

(b) Interest rate risk.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund does not have any significant interest bearing assets or liabilities and therefore is not exposed to interest rate risk.

(c) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Fund does not hold assets denominated in currencies other than the functional currency and therefore is not exposed to currency risk.

Credit risk

Credit risk is the risk that counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The carrying amounts of financial assets best represent the maximum credit risk exposure at the date of statement of financial position. At the reporting date, the Fund's financial assets exposed to credit risk amounted to the following.

	Kuwaiti Dinars	
	2019	**2018**
Cash and cash equivalents	216,656	189,875
Other receivables	17,399	63,636
	234,055	253,511

The Fund minimizes credit risk by placing funds with financial institutions of high credit rating having investment grade and therefore impact of ECL is not significant to the financial statements taken as a whole. As at the statement of financial position date there were no part due or impaired assets.

Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments.

The Fund Manager's policy to manage liquidity risk is as follows:

1. Investing majority of its assets in investments that are traded in an active market and can be readily disposed of.

2. To have liquid assets equal to anticipated redemptions.

3. The Fund's redemption policy only allows for redemptions on a weekly basis and unit holders must provide redemption request within one working day notice.

Fund's liabilities are mainly net assets attributable to redeemable unit holders that are redeemable on demand at the unit holders' option. However the Fund Manager does not envisage that all the unit holders will redeem units immediately as holders of these instruments typically retain these for the medium to long term. Moreover, if on a particular day the redemption applications exceed subscription applications by 10% of the Fund's outstanding units, the Fund Manager may carry out an allocation whereby the excess 10% is redeemed on a pro rata basis.

As at the reporting date 95% (30 June 2018: 96%) of the total assets of the Fund are traded in an active market.

12. Capital risk management

The capital of the Fund is represented by the net assets attributable to holders of redeemable units. The amount of net assets attributable to holders of redeemable units can change significantly on a weekly basis as the Fund is subject to weekly subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unit holders and to maintain a strong capital base to support the development of investment activities of the Fund.

In order to maintain or adjust capital structure, the Fund's policy is to monitor the level of weekly subscriptions and redemptions relative to the assets it expects to be able to liquidate.

13. Segment information

The Fund is organised in to one main business segment, which is investing in the shares of companies listed on the Boursa (previously known as Kuwait Stock Exchange) and in money market instruments and funds. The Fund maintains all its assets and liabilities inside Kuwait. This segment is based on reports reviewed by the Fund Manager.

14. Taxation

The fund is not subject to taxation.