

**KAMCO Investment Fund
State of Kuwait**

**Financial Statements and Independent Auditor's
Report**
For the year ended 31 December 2023

KAMCO Investment Fund
State of Kuwait

Financial Statements and Independent Auditor's Report
For the year ended 31 December 2023

Contents	Page
Independent Auditor's Report	1-2
Statement of Financial Position	3
Statement of Profit or Loss and Other Comprehensive Income	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Notes to the financial statements	7-19

Independent Auditor's Report

**To the Unit Holders
KAMCO Investment Fund
State of Kuwait**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of KAMCO Investment Fund ("the Fund"), which comprise the statement of financial position as at 31 December 2023, and statements of profit or loss and other comprehensive income, changes in equity and cash flows for the financial 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 31 December 2023, and its financial performance and its cash flows for the financial year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis of 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 this report. We are independent of the Fund in accordance with ethical requirements that are relevant to our audit of the financial statements in the State of Kuwait, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained are sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Fund Manager for the Financial Statements

The Fund Manager is responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs, and for such internal control as management 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 Fund manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objective is 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 be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditor's Report (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (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 those 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 notes in the financial statements or, if such notes 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 fail to meet the going concern basis.
- 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 the 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

Also in our opinion, the financial statements include the disclosures required by Law No. 7 of 2010 concerning Establishment of Capital Markets Authority and Organization of Security Activity, as amended, and its Executive Regulations and the Fund's Articles of Association, and we had obtained the information we required to perform our audit. According to the information available to us, there were no violations during the financial year ended 31 December 2023 of either the Law No. 7 of 2010 concerning Establishment of Capital Markets Authority and Organization of Security Activity, as amended, and its Executive Regulations, or of the Fund's Articles of Association which might have materially affected the Fund's activity or its financial position.



Faisal Saqer Al Saqer
License No. 172 – "A"
BDO Al Nisf & Partners

Kuwait: 16 January 2024

KAMCO Investment Fund
State of Kuwait

Statement of Financial Position
As at 31 December 2023

	Note	2023 KD	2022 KD
Assets			
Cash at banks		11,958	46,158
Financial assets at fair value through profit or loss	5	27,139,650	32,633,399
Accounts receivable and other debit balances	6	1,647,083	2,032,394
Total assets		<u>28,798,691</u>	<u>34,711,951</u>
Liabilities and equity			
Liabilities:			
Accounts payable and other credit balances	7	1,636,285	171,785
Total liabilities		<u>1,636,285</u>	<u>171,785</u>
Equity:			
Capital	8	13,989,604	17,365,441
Equalization reserve / redemption of units	9	(5,665,199)	(2,444,301)
Retained earnings		18,838,001	19,619,026
Total equity		<u>27,162,406</u>	<u>34,540,166</u>
Total liabilities and equity		<u>28,798,691</u>	<u>34,711,951</u>
Net assets value per unit	10	<u>1.942</u>	<u>1.989</u>

The accompanying notes on pages 7 to 19 form an integral part of these financial statements.



KAMCO Investment Company -
K.S.C. (Public)
Fund Manager



Kuwait Clearing Company K.S.C.
(Closed)
Fund Custodian and Investment
Controller

KAMCO Investment Fund
State of Kuwait

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2023

	Note	2023 KD	2022 KD
Revenues:			
Net (loss) / profit from investments	11	(251,138)	4,741,925
Interest income		3,825	223
Other income		11	14
Gain from foreign currency differences		18	631
		<u>(247,284)</u>	<u>4,742,793</u>
Expenses:			
Fund Manager fees	12	360,958	659,968
Fund Custodian and Investment Controller fees	13	29,332	32,993
Incentive fees	12	2,295	-
General and administrative expenses		141,156	254,706
		<u>533,741</u>	<u>947,667</u>
(Loss) / profit for the year		(781,025)	3,795,126
Other comprehensive income for the year		-	-
Total comprehensive (loss) / income for the year		<u>(781,025)</u>	<u>3,795,126</u>

The accompanying notes on pages 7 to 19 form an integral part of these financial statements.

KAMCO Investment Fund
State of Kuwait

Statement of Changes in Equity
For the year ended 31 December 2023

	Capital	Equalization reserve / redemption of units	Retained earnings	Total
	KD	KD	KD	KD
Balance as at 31 December 2021	19,779,197			
Subscriptions during the year	12,751	(95,842)	15,823,900	35,507,255
Redemptions during the year	(2,426,507)	13,425	-	26,176
Total comprehensive income for the year	-	(2,361,884)	-	(4,788,391)
Balance as at 31 December 2022	17,365,441	(2,444,301)	3,795,126	3,795,126
Subscriptions during the year	183,472	165,936	19,619,026	34,540,166
Redemptions during the year	(3,559,309)	(3,386,834)	-	349,408
Total comprehensive loss for the year	-	-	(781,025)	(6,946,143)
Balance as at 31 December 2023	13,989,604	(5,665,199)	18,838,001	27,162,406

The accompanying notes on pages 7 to 19 form an integral part of these financial statements.

KAMCO Investment Fund
State of Kuwait

Statement of Cash Flows
For the year ended 31 December 2023

	<u>2023</u>	<u>2022</u>
	KD	KD
Cash flows from operating activities:		
(Loss) / profit for the year	(781,025)	3,795,126
<i>Adjustments:</i>		
Net loss / (profit) from investments	251,138	(4,741,925)
Interest income	(3,825)	(223)
	<u>(533,712)</u>	<u>(947,022)</u>
<i>Changes in operating assets and liabilities:</i>		
Financial assets at fair value through profit or loss	4,279,294	6,048,814
Accounts receivable and other debit balances	385,311	(1,613,237)
Accounts payable and other credit balances	(88,930)	(343)
Net cash from operating activities	<u>4,041,963</u>	<u>3,488,212</u>
Cash flows from investing activities:		
Dividends income received	963,317	1,197,292
Interest income received	3,825	223
Net cash from investing activities	<u>967,142</u>	<u>1,197,515</u>
Cash flow from financing activities:		
Proceeds from subscriptions	349,408	26,176
Payment for redemptions	(5,392,713)	(4,788,391)
Net cash used in financing activities	<u>(5,043,305)</u>	<u>(4,762,215)</u>
Net decrease in cash at banks	(34,200)	(76,488)
Cash at banks at the beginning of the year	<u>46,158</u>	<u>122,646</u>
Cash at banks at end of the year	<u>11,958</u>	<u>46,158</u>

The accompanying notes on pages 7 to 19 form an integral part of these financial statements.

1. Incorporation and activities

KAMCO Investment Fund (“the Fund”) was incorporated as a local investment fund with variable capital on 19 October 2003 under the Law Decree No. 31 of 1990, as amended relating to circulation of securities and establishment of investment funds.

The Fund aims to invest money and develop capital, in addition to providing investment opportunities based on adequate foundations and studies in order to realize the maximum returns with limited risks, through the sale and purchase of:

- The securities of the companies listed on the Kuwait Stock Exchange, the Gulf and Arab markets, and the initial issues.
- Bonds issued or guaranteed by the governments of GCC to Arab Gulf countries.
- IPOs expected to be listed.
- Investment funds directed to invest in companies listed on the Kuwait Stock Exchange, Gulf and Arab markets, and money market funds.
- Any new financial instruments that the market management agrees to trade.

The Fund Manager may also invest financial surpluses for short and medium periods with bonds.

The Fund is governed under the Law No. 7 of 2010, in respect of the establishment of Capital Market Authority (“CMA”) and the organization of the securities activity, as amended, and its executive regulations.

The term of the Fund is 25 years starting from the date of promulgating the approval thereon.

The Fund Manager has amended some articles of the Fund's Articles of Association in accordance with Resolution No. (1) of 2022 issued by the Capital Markets Authority regarding the amendment of some provisions of collective investment schemes. The amended Articles of Association and its appendix were approved by the Capital Markets Authority on 30 October 2022.

KAMCO Investment Company - K.S.C. (Public) is the Fund Manager.

Kuwait Clearing Company K.S.C. (Closed) is the Fund Custodian and Investment Controller.

The registered address of the Fund Manager is P.O. Box 28873, Safat 13149 - State of Kuwait.

The accompanying financial statements were approved for issue by the Fund Manager and the Custodian and investment controller on 16 January 2024.

2. Application of new and revised international financial reporting standards (“IFRSs”)

a) New standards, interpretations and amendments effective from 1 January 2023

The Fund has applied for the first time certain standards and amendments that are effective for annual periods beginning on or after 1 January 2023 (unless otherwise noted). The Fund has not early adopted any standard, interpretation or amendment that was issued but not yet effective.

2. Application of new and revised international financial reporting standards ("IFRSs") (Continued)

a) New standards, interpretations and amendments effective from 1 January 2023 (Continued)

Amendments to IAS (1) and IFRS Practice Statement (2) - Disclosure of Accounting Policies

The amendments to IAS 1 and IFRS Practice Statement (2) Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

This standard is not expected to have any impact on the Fund's financial statements. However, it could affect accounting policy disclosures in the Fund's financial statements.

IFRS 17: Insurance Contracts

IFRS 17: Insurance Contracts, a new comprehensive accounting standard for insurance contracts covering recognition, measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts, which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurance companies. In contrast to the requirements in IFRS 4, which are largely based on approval of previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

The core of IFRS 17 is the general model, supplemented by:

- A specific application for contracts with direct participation features (Variable fee approach).
- A simplified approach (installments allocation approach) mainly for short duration contracts.

This standard is not expected to have any impact on the Fund's financial statements.

Amendments to IAS 8 - Definition of Accounting Estimates

The amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

These amendments are not expected to have any impact on the Fund's financial statements.

b) New standards, interpretations and amendments issued but not yet effective

There are a number of standards, amendments to standards and interpretations issued by ISAB that are effective in future accounting periods and which the Fund has decided not to adopt early.

2. Application of new and revised international financial reporting standards (“IFRSs”) (Continued)

b) New standards, interpretations and amendments issued but not yet effective (Continued)

The following amendments are effective for the period beginning on 1 January 2024:

- *Sale and leaseback obligations (amendments to IFRS 16 Leases);*
- *Classification of Liabilities as Current or Non-current (Amendments to IAS (1) presentation of financial statements);*
- *Non-current liabilities with commitments (Amendments to IAS (1) presentation of financial statements); and*
- *Supplier financing arrangements (Amendments to IAS (7) Statement of Cash Flows and IAS (7) Financial Instruments: Disclosures).*

The following amendments are effective for the period beginning on 1 January 2025:

- *Non-exchangeability (Amendments to IAS (21) Effect of Change in Foreign Currency Exchange Rate Translation).*

The Fund is currently evaluating the impact of these new accounting standards and amendments. The Fund does not believe that the amendments to IAS (1) will have a significant impact on the classification of its liabilities, as the conversion feature in convertible debt instruments is classified as equity instruments and therefore does not affect the classification of its convertible debts as non-current liabilities. The Fund does not expect that any other standards issued by ISAB, but not yet effective, will have any material impact on the Fund.

3. Significant accounting policies

3.1 Statement of compliance

The financial statements of the Fund have been prepared in accordance with the International Financial Reporting Standards (“IFRSs”), IFRIC interpretations, Fund’s Articles of Association and the guidelines of CMA.

3.2 Basis of preparation

The financial statements are prepared on basis of historical cost except for the financial assets at fair value through profit or loss, which are carried at fair value.

These financial statements have been presented in Kuwaiti Dinar (KD) which is the functional and presentation currency of the Fund in preparation of the financial statements.

The preparation of financial statements in compliance with adopted (“IFRSs”) requires the use of certain critical accounting estimates. It also requires the Fund’s management to exercise judgment in applying the Fund’s accounting policies. The areas of significant judgments and estimation uncertainty made in preparing the financial statements and their effect are disclosed in Note 4.

The principal accounting policies used in preparing these financial statements are set out below:

3. Significant accounting policies (Continued)

3.3 Presenting assets and liabilities in the statement of financial position

The nature of Fund's activity, as an entity established for the purposes of investment, requires classification of assets and liabilities in descending order as per its liquidity in the statement of financial position, as the management believes that this presentation provides information more relevant and reliable to the Fund's activities. This way of presentation of assets and liabilities requires submission of other information about the maturities of all financial assets and liabilities in the notes to the financial statements. The Fund submits this information based on the length of the remaining contractual term as at the financial statements date.

The Fund's financial assets mainly include cash at banks, financial assets at fair value through profit or loss, accounts receivable and other debit balances.

The Fund's financial liabilities mainly include accounts payable and other credit balances.

The amounts expected to be collected for assets or to be paid for the liabilities are presented, at minimum, in notes as assets and liabilities due within one year from the financial statements date. However, the Fund has no assets or liabilities due within a period exceeding one year from the financial statements date.

3.4 Financial instruments

The Fund classifies its financial instruments as financial assets and financial liabilities. Financial assets and financial liabilities are recognized when the Fund becomes a party of the contractual provisions of such instruments.

The financial assets and liabilities that are stated in the statement of financial position include cash at banks, financial assets at fair value through profit or loss, accounts receivable and other debit balances, accounts payable and other credit balances.

Financial assets:

Classification and initial recognition

To determine classification and measurement category of financial assets, IFRS 9 requires assessment of all financial assets, except for equity instruments and derivatives, based on the Fund's business model for managing the Fund's assets and the contractual cash flows characteristics of these instruments.

Financial assets classified in the financial statements within the scope of IFRS 9 are as follows:

- Debt instruments at amortized cost.
- Debt instruments at fair value through other comprehensive income.
- Equity instruments at fair value through other comprehensive income.
- Equity instruments at Fair value through profit or loss.

Investments are recognized or derecognized on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the concerned market. The financial assets are initially recognized at fair value plus transaction costs for all financial assets that are not carried at fair value through profit or loss.

3. Significant accounting policies (Continued)

3.4 Financial instruments (Continued)

Financial assets: (Continued)

Derecognition

The financial assets are derecognized (wholly or partially) when the contractual rights to receive the cash flows from the financial assets expire or when the fund transfers its right to receive cash flows from the financial assets in either of the following circumstances: (a) when the Fund transfers all risks and rewards of the financial assets ownership, or (b) when all risks and rewards of the financial assets are not transferred or retained, but the control over the financial assets is transferred. When the Fund retains control, it must continue to recognize the financial assets to the extent of its participation therein.

Subsequent Measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets carried at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and is not designated at fair value through profit or loss:

- 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.

Debt instruments at amortized cost are subsequently measured at amortized cost using the effective yield method adjusted for impairment loss, if any. Profit and loss are recognized in the statement of profit or loss and other comprehensive income when the asset is derecognized, adjusted or impaired.

The financial assets carried at amortized cost consist of cash at banks, accounts receivable and other debit balances.

Financial Assets carried at fair value through profit or loss

The Fund classifies the financial assets as held for trading primarily when purchased or issued in order to achieve short-term profit through trading activities or when they form a part of a financial instruments portfolio that are managed together, there is evidence for emerging a new pattern to achieve short-term profit. Assets held for trading are recognized and measured at fair value in the statement of financial position.

Profit or loss on the change in fair value, profit or loss on sale and interest income and dividends are recognized in the statement of profit or loss and other comprehensive income under the contract conditions or when the right to receive the profit amount is established.

Impairment of financial assets

Expected credit loss are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive. The shortfall is discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from sale of collateral held or other credit enhancements that are regarded as an integral part of the contractual terms.

In terms of the receivables and other debit balances, the Fund applied the standard's simplified approach and calculated ECL on the basis of ECL period.

3. Significant accounting policies (Continued)

3.4 Financial instruments (Continued)

Financial liabilities:

All financial liabilities are initially recognized at fair value and in case of loans, borrowings and creditors directly attributable transactions costs are discounted. All financial liabilities are subsequently measured at fair value through profit or loss or at amortized cost using the effective interest rate method.

Accounts payable and other credit balances

Account payable and other credit balances item represents a commitment to repay the amount of services that have been purchased in the ordinary course of business. Accounts payable and other credit balances are initially recognized at fair value and are subsequently measured at amortized cost using the effective interest rate method. Accounts payable and other credit balances are classified as current liabilities if the payment is due within one year or less (or within the natural operational cycle of the activity, whichever is longer), otherwise they shall be classified as non-current liabilities.

3.5 Capital

The Fund issues redeemable units, which are redeemable in accordance with the unit holders option and are classified as equity under the amendment to IAS 32. The redeemable units can be returned to the Fund at any time against cash that is equal to a proportionate share of the net assets of the Fund.

3.6 Provisions

Provisions are recognized where the Fund has a present obligation (legal or probable) arising from a past event and the costs to settle the obligation are both probable and able to be reliably measured. At the end of each financial period, provisions are reviewed and adjusted to reflect the best current estimate. When the time value of money has material effect, the amount recognized as a provision must be the present value of the expected expenses required to settle the obligation. Provisions for operating loss are not recognized.

3.7 Revenue recognition

IFRS 15 establishes a single comprehensive framework to determine how much and when revenue is recognized. Revenue recognition requires recording the amount that reflects the consideration that the Fund expects to be entitled in exchange for sale of goods or performance of services to the customers.

IFRS 15 requires considering the opinions, taking into account all relevant facts and circumstances in the process of applying each step of the model to contracts with its customers. The Standard also specifies method of accounting for the additional costs to obtain the contract and the costs that are directly attributable to the contract execution. The standard also requires comprehensive disclosures.

Revenue is recognized either at a point in time or over time, when the Fund meets the performance commitments by selling the goods or performing the agreed upon services to its customers. The

3. Significant accounting policies (Continued)

3.7 Revenue recognition (Continued)

Fund shall transfer control of goods or services over time and not at a point in time upon fulfillment of any of the following criteria:

- The customer receives and consumes the benefits provided through the Fund performance at the same time when the Fund provided the performance, or
- The Fund performance establishes or improves the asset that is controlled by the customer when the asset is constructed or improved, or
- Fund performance does not establish an asset that has an alternative usage to the Fund. The Fund has enforceable right in payments against the completed performance to date.

Control shall be transferred at a point in time if any of the criteria required for transferring goods or service is not met over time. The following items should be considered by the Fund whether or not control is transferred:

- The Fund shall have immediate right in payments against the asset.
- The customer shall have a legal right in the asset.
- The Fund shall transfer the material acquisition of the asset.
- The customer shall have the significant risks and benefits of ownership of the asset.
- The customer shall accept the asset.

Since the Fund's income is mainly represented in net investment income that falls outside the scope of IFRS 15, the following represents the Fund's income:

Profit on sale of financial assets at fair value through profit or loss

Profit or loss on sale of financial assets at fair value through profit or loss are recognized when the Fund transfers the significant risks and benefits attributable to the ownership of the sold investment. Profit on sale of the financial assets at fair value through profit or loss are measured by the difference between the sale proceeds and the carrying amount of the assets at the date of sale and are recognized at the date of sale.

Interest income

Interest income are recognized on time proportion basis using the effective interest method.

Dividends

Dividend income are recognized when the Fund's right to receive payment is established.

3.8 Foreign currencies

Foreign currency transactions are recorded in Kuwaiti Dinar at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Kuwaiti Dinar at the rate of exchange prevailing on the reporting date. Profit or loss resulted from exchange rate differences are taken to the statement of profit or loss and other comprehensive income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Kuwaiti Dinar at the foreign exchange rates ruling at the date when the value was determined.

3. Significant accounting policies (Continued)

3.9 Dividends

According to the Fund's Articles of Association, the Fund Manager may determine, as deemed appropriate for the benefit of the Fund and its subscribers, the portion that will be distributed to the unit holders after the end of annual financial period, and announces the distribution, its date and value thereof via the email or fax of unit holders specified in the subscription application or updated by the unit holder directly. The Manager may distribute cash dividends or through distributing free units in the Fund at the units' nominal value or both of them, while notifying the Supervision Authority of the same.

Upon distribution of non-cash assets, the difference between the carrying amount of the assets distributed to unitholders and their fair value is recognized in the statement of profit or loss and other comprehensive income.

4. Critical accounting estimates, judgments and assumptions

The preparation of the Fund's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities at the reporting date. Actual results could differ from estimates.

Accounting judgements

In the process of applying the Fund's accounting policies, management has used judgements and made estimates in determining the amounts recognized in the financial statements. The most significant use of judgments and estimates are as follows:

The Fund's status as a principal

The Fund regularly conducts a revision and assessment to determine whether its current status as a principal or an agent in its commercial transactions has changed. Such revision and assessment cover any change in the overall relationship between the Fund and other parties dealing with the Fund, which may mean that its current status as a principal or an agent has changed. Such as if changes occurred to rights of the Fund or other parties, the Fund would reconsider its current status as a principal or an agent. Initial assessment considers market conditions that originally led the Fund to consider itself as principal working as a main principal or an agent in arrangements of revenues contracts. The Fund concluded that it works as a main principal in all contracts and arrangements leading to revenues to the Fund.

Contingent liabilities

Contingent liabilities are possible obligations that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of future events, not wholly within the control of the Fund's management. The Fund recognizes provisions for contingent liabilities when the loss therefrom is considered possible and can be reliably measured. In determining whether or not such provisions shall be recognized as well as the related amounts requires the exercise of significant management judgment. The Fund uses the principles and criteria established within International Financial Reporting Standards and best practices prevailing within the industry in which it operates in making such judgments.

KAMCO Investment Fund
State of Kuwait

Notes to the Financial Statements
For the year ended 31 December 2023

5. Financial assets at fair value through profit or loss

	2023	2022
	KD	KD
Local securities - quoted	27,109,191	32,596,389
Local securities - unquoted	30,459	37,010
	<u>27,139,650</u>	<u>32,633,399</u>

6. Accounts receivable and other debit balances

	2023	2022
	KD	KD
Due from Kuwait Clearing Company K.S.C. (Closed)	1,643,132	2,027,135
Other	3,951	5,259
	<u>1,647,083</u>	<u>2,032,394</u>

7. Accounts payable and other credit balances

	2023	2022
	KD	KD
Accrued Fund Manager fees	75,262	162,719
Accrued Fund Custodian and Investment Controller fees	6,786	8,266
Accrued redemptions to unit holders (a)	1,553,430	-
Other	807	800
	<u>1,636,285</u>	<u>171,785</u>

a) Accrued redemptions to unit holders item represents redemptions of 800,000 units at a total amount of KD 1,553,430 that were recognized within payables and other credit balances item as at 31 December 2023. Subsequent to the date of the financial statements, the amount was paid.

8. Capital

The Fund's capital ranges from 2,000,000 units to 100,000,000 units with a nominal value of KD 1 per unit. As at 31 December 2023, the Fund's issued capital consists of 13,989,604 units (2022: 17,365,441 units) with a nominal value of KD 1 per unit.

9. Equalization reserve / redemption of units

This item represents the difference between net assets value for issued and redeemed units.

10. Net assets value per unit

	2023	2022
Total assets (KD)	28,798,691	34,711,951
Total liabilities (KD)	(1,636,285)	(171,785)
Net asset value (KD)	27,162,406	34,540,166
Number of the outstanding units (units)	13,989,604	17,365,441
Net asset value per unit (KD)	<u>1.942</u>	<u>1.989</u>

KAMCO Investment Fund
State of Kuwait

Notes to the Financial Statements
For the year ended 31 December 2023

11. Net (loss) / profit from investments

	2023	2022
	KD	KD
Realized (loss) / profit on sale of financial assets at fair value through profit or loss	(495,321)	4,611,330
Unrealized loss from change in fair value of financial assets at fair value through profit or loss	(719,134)	(1,066,697)
Dividend income	963,317	1,197,292
	<u>(251,138)</u>	<u>4,741,925</u>

12. Fund Manager fees

During the year ended 31 December 2023, the Fund Manager's fees were revised from 1.75% to 1% per annum of the Fund's net asset value, and are calculated on a weekly basis and paid quarterly.

The Fund Manager is also entitled to incentive fees at the rate of 15% of the positive return achieved above the return of the measurement index in the Fund's Articles of Association, provided that the incentive fees during the year do not exceed 1.5% of the net value of the Fund's assets, calculated weekly and paid annually or upon redemption of units.

13. Fund Custodian and Investment Controller fees

Custodian fees are calculated at 0.05% annually of the net value of the Fund's assets, and investment controller fees are calculated at 0.05% annually, calculated weekly and paid quarterly.

14. Related party disclosures

These transactions represent the transactions carried out with units' holders, Fund Manager, custodian and the investment controller. Prices and terms of such transactions are subject to the Fund's Articles of Association. As for the matters which are not subject to the article of association, they shall be subject to the approval of the Fund Manager. Significant related party balances and transactions are as follows:

Balances included in the statement of financial position:

	2023	2022
	KD	KD
Due from Kuwait Clearing Company K.S.C. (Closed)	1,643,132	2,027,135
Accrued Fund Manager fees	75,262	162,719
Accrued Fund Custodian and Investment Controller fees	6,786	8,266

Transactions included in the statement of profit or loss and other comprehensive income:

	2023	2022
	KD	KD
Fund Manager fees	360,958	659,968
Fund Custodian and Investment Controller fees	29,332	32,993
Incentive fees	2,295	-

As at 31 December 2023, the number of units subscribed by the Fund Manager is 6,132,141 units (2022: 6,132,141 units) representing 43.83% (2022: 35.31% of the Fund's Capital).

15. Financial risk management

Capital risk management

The Fund's financial resources represent total equity. The equity value available to the unit holders may be significantly changed due to the subscriptions and redemptions that are implemented by the unit holders. The Fund's objective, when managing the financial resources, is to safeguard the Fund's ability to continue in order to provide returns for the unit holders and benefits for other stakeholders and to maintain financial resources that support the investment activities of the Fund.

The Fund Manager monitors its financial resources based on the Fund's net asset value available to the unit holders that are recoverable.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation causing the other party to incur a financial loss. Financial assets, which potentially subject the Fund to credit risk, consist principally of cash at banks and accounts receivable and other debit balances. Cash at banks are placed with high credit rating financial institutions.

The Fund's maximum exposure arising from default of the counterparty is limited to the nominal value of cash at banks and accounts receivable and other debit balances.

Equity price risk

Equity price risk is the risk that fair values of equity instruments decrease as the result of changes in level of equity indices and the value of individual stocks. The equity price risk exposure arises from the Fund's investment in equity instruments that are classified as financial assets at fair value through profit or loss. To manage such risks, the Fund diversifies its investee segments within its investment portfolio.

The following table demonstrates the sensitivity to a reasonably possible change in equity indices as a result of changes in the fair value of the financial assets at fair value through profit or loss, to which the Fund had significant exposure as at the reporting date:

	2023		2022	
	Change in equity price	Effect on the Statement of Profit or Loss and Other Comprehensive Income	Change in equity price	Effect on the Statement of Profit or Loss and Other Comprehensive Income
Market indices	%	KD	%	KD
Boursa Kuwait	± 5%	± 1,355,460	± 5%	± 1,629,819

15. Financial risk management (Continued)

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments will be affected as a result of changes in foreign currency exchange rates. The Fund is exposed to foreign currency risk arising from transactions denominated in currencies other than Kuwaiti Dinars. The Fund can reduce its exposure to fluctuations in foreign exchange rates through its usage of derivative financial instruments. The Fund ensures that the net exposure is kept to an acceptable level, by dealing in currencies that do not fluctuate significantly against the Kuwaiti Dinar. Currently, the Fund is not significantly exposed to this risk.

Liquidity risk

Liquidity risk is the risk that the Fund will encounter the difficulty in raising funds to meet commitments associated with financial instruments. To manage this risk, the Fund invests in other investments that are readily realizable, along with planning and managing the Fund's forecasted cash flows by maintaining adequate cash reserves, and matching the maturity profiles of financial assets and liabilities.

All financial liabilities are maturing within a period not exceeding 3 months from the reporting date.

16. Fair value measurement

The Fund measures financial assets such as financial assets at fair value through profit or loss at fair value at end of the reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an arm's length transaction between market participants as 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.
- In the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities, for which fair value is measured or disclosed in the financial statements are categorized 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 and 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 significant inputs level in proportion to the fair value measurement is unobservable.

Notes to the Financial Statements
For the year ended 31 December 2023

16. Fair value measurement (Continued)

The following table shows an analysis of captions recorded at fair value by level of the fair value hierarchy:

<u>2023</u>	<u>Level 1</u> KD	<u>Level 3</u> KD	<u>Total</u> KD
Financial assets at fair value through profit or loss	<u>27,109,191</u>	<u>30,459</u>	<u>27,139,650</u>
<u>2022</u>	<u>Level 1</u> KD	<u>Level 3</u> KD	<u>Total</u> KD
Financial assets at fair value through profit or loss	<u>32,596,389</u>	<u>37,010</u>	<u>32,633,399</u>

At 31 December, the fair values of financial instruments approximate their carrying amounts. The Fund Manager has assessed that fair value of its financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these financial instruments.

During the year, there were no transfers between level 1, level 2 and level 3.

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