

**Ahli International Multi-Asset Holding Fund
(Fund Manager – Ahli Capital Investment Company K.S.C.C.)
Kuwait**

**Annual Financial Statements and
Independent Auditor's Report**

31 December 2020

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**Ahli International Multi-Asset Holding Fund
(Fund Manager – Ahli Capital Investment Company K.S.C.C.)
Kuwait**

INDEPENDENT AUDITOR’S REPORT TO THE FUND MANAGER

Report on Review of Financial Statements

Opinion

We have audited the accompanying financial statements of Ahli International Multi-Asset Holding Fund (“the Fund”) (Fund Manager - Ahli Capital Investment Company K.S.C.C.), which comprise the statement of financial position as at 31 December 2020 and the statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, 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 2020, and of 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 these financial statements in accordance with IFRS, and for such internal control as the Fund Manager determines is necessary to enable the preparation of the 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 Unit Holders either intend 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.

Ahli International Multi-Asset Holding Fund
(Fund Manager - Ahli Capital Investment Company K.S.C.C.)
Kuwait

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 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

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 Fund's Articles of Association, as amended, and that, to the best of our knowledge and belief, no violations of the Articles of Association, as amended, have occurred for the year then ended 31 December 2020 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 for the year ended 31 December 2020, that might have had a material effect on the business of the Fund or on its financial position.



Talal Y. Al-Muzaini
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Deloitte & Touche
Al-Wazzan & Co.

Kuwait
11 February 2021

Ahli International Multi-Asset Holding Fund
(Fund Manager – Ahli Capital Investment Company K.S.C.C.)
Kuwait


Statement of Financial Position - as at 31 December 2020

	Note	Kuwaiti Dinars	
		2020	2019
ASSETS			
Cash and cash equivalents	3	1,970,302	316,556
Investments at fair value through profit or loss	4	15,767,775	12,076,471
Prepayments		1,763	3,767
Total assets		17,739,840	12,396,794
LIABILITIES			
Payables and accruals	5	1,562,483	48,339
Total liabilities		1,562,483	48,339
EQUITY			
Share capital	6	14,902,080	11,121,390
Equalization reserve		524,032	289,596
Retained earnings		751,245	937,469
Total equity		16,177,357	12,348,455
Total liabilities and equity		17,739,840	12,396,794
Net asset value per redeemable unit	7	10.856	11.103

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



Fund Manager
 Ahli Capital Investment Company K.S.C.C



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

Ahli International Multi-Asset Holding Fund
(Fund Manager – Ahli Capital Investment Company K.S.C.C.)
Kuwait

Statement of Profit or Loss and Other Comprehensive Income - year ended 31 December 2020

	Kuwaiti Dinars	
	For the year ended 31 December 2020	For the period from 19 November 2018 to 31 December 2019
Revenue		
Investments at fair value through profit or loss		
- realized (loss)/gain	(649,458)	219,033
- unrealized gain	1,476,655	801,586
Net foreign exchange gain/(loss)	101,619	(30,194)
Dividend income	104,140	112,220
	<u>1,032,956</u>	<u>1,102,645</u>
Expenses		
Management fees	(204,200)	(133,685)
Custodian and investment controller fees	(18,907)	(12,378)
Other operating expenses	(19,323)	(19,113)
	<u>(242,430)</u>	<u>(165,176)</u>
Profit for the period	790,526	937,469
Other comprehensive income	-	-
Total comprehensive income for the period	<u>790,526</u>	<u>937,469</u>

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

Ahli International Multi-Asset Holding Fund
(Fund Manager – Ahli Capital Investment Company K.S.C.C.)
Kuwait

Statement of Changes in Equity – year ended 31 December 2020

	Kuwaiti Dinars			
	Share capital	Equalization reserve	Retained earnings	Total
Balance at 31 December 2019	11,121,390	289,596	937,469	12,348,455
Subscriptions during the year	4,777,540	395,567	-	5,173,107
Redemptions during the year	(1,973,600)	(161,131)	-	(2,134,731)
Bonus to unit holders	976,750	-	(976,750)	-
Total comprehensive income for the year	-	-	790,526	790,526
Balance at 31 December 2020	14,902,080	524,032	751,245	16,177,357

	Kuwaiti Dinars			
	For the period from 19 November 2018 to 31 December 2019			
	Share capital	Equalization reserve	Retained earnings	Total
Subscriptions during the period	11,151,390	291,358	-	11,442,748
Redemptions during the period	(30,000)	(1,762)	-	(31,762)
Total comprehensive income for the period	-	-	937,469	937,469
Balance at 31 December 2019	11,121,390	289,596	937,469	12,348,455

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

Ahli International Multi-Asset Holding Fund
(Fund Manager – Ahli Capital Investment Company K.S.C.C.)
Kuwait

Statement of Cash Flows – year ended 31 December 2020

	Kuwaiti Dinars	
	For the year ended 31 December 2020	For the period from 19 November 2018 to 31 December 2019
Cash flows from operating activities		
Profit for the period	790,526	937,469
Adjustment for:		
Unrealised gain for the period	(1,476,655)	(801,586)
Dividend income	(104,140)	(112,220)
Investments at fair value through profit and loss	(2,214,649)	(11,274,885)
Prepayments	2,004	(3,767)
Payables and accruals	1,514,144	48,339
Net cash used in operating activities	<u>(1,488,770)</u>	<u>(11,206,650)</u>
Cash flow from investing activities		
Dividend income received	104,140	112,220
Net cash generated from investing activities	<u>104,140</u>	<u>112,220</u>
Cash flows from financing activities		
Cash received on subscriptions	5,173,107	11,442,748
Payment for redemption of units	(2,134,731)	(31,762)
Net cash generated from financing activities	<u>3,038,376</u>	<u>11,410,986</u>
Net increase in cash and cash equivalents	1,653,746	316,556
Cash and cash equivalents		
at beginning of the period	<u>316,556</u>	<u>-</u>
at end of the period	<u>1,970,302</u>	<u>316,556</u>

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

Notes to the Financial Statements – 31 December 2020

1. Incorporation and activities

Ahli International Multi-Asset Holding Fund ("the Fund") was incorporated in Kuwait on 19 November 2018. The Fund is regulated by Capital Markets Authority (CMA) established under Law No. 7 of 2010.

The Fund Manager is Ahli Capital Investment Company K.S.C.C ("the Fund Manager"). The registered office of the Fund Manager is located at Ahli Bank of Kuwait, Ahmed Al-Jaber Street in the State of Kuwait. The Fund's Custodian is Gulf Custody Company K.S.C.C.

The objective of the Fund is to achieve a return on the funds invested by the investors by placing the funds on their behalf in other investment funds licensed and controlled by the official regulatory authority in the country of origin in compliance with investment policies and restrictions, under the terms of the articles of association and the regulations and the resolutions applicable in this regard.

These financial statements have been approved for issue by the Fund Manager on 9 February 2021 and the Fund Custodian on 10 February 2021.

2. Basis of preparation and Summary of 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 by the revaluation of financial instruments classified as "at fair value through profit or loss".

These financial statements are for the year ended 31 December 2020 and comparative information is presented for the period from 19 November 2018 to 31 December 2019, and not entirely comparable. These financial statements are presented in Kuwaiti Dinars ("KD").

2.2 New and revised standards effective from 1 January 2020

The accounting policies used in the preparation of these financial statements are consistent with those used in the previous period except for the adoption of the following new revised IFRSs, which became effective for annual periods beginning on or after 1 January 2020.

Amendments to IAS 1 and IAS 8: Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no effect on the Fund's financial statements.

Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform (Phase 1)

Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no effect on the Fund's financial statements as it does not have any interest rate hedge relationships.

Other amendments which are applicable for annual period ended 31 December 2020 do not have any impact on the Fund's financial statements.

2.3 Standards and revisions issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the fund's financial statements are disclosed below. The fund intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

2.4 Financial instruments

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 receive 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 is 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 marketplace.

Classification and Measurement

Classification

The Fund classifies its financial instruments as "investments at fair value through profit or loss", "loans and receivables" and "financial liabilities other than at fair value through profit or loss".

Measurement

Financial assets and liabilities are measured initially at fair value.

Financial assets at fair value through profit or loss

These are financial assets that are either financial assets held for trading or those designated as investments at fair value through profit or loss upon initial recognition. A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if on initial recognition is part of a portfolio of identifiable financial investments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. Financial assets designated at fair value through profit or loss at inception are financial instruments that are not classified as held for trading but are managed and their performance evaluated on a fair value basis in accordance with the Fund's documented investment strategy. Financial assets classified as investments at fair value through profit or loss are subsequently measured and carried at fair value.

Notes to the Financial Statements – 31 December 2020

Resultant unrealised gains and losses arising from changes in fair value are included in the statement of profit or loss and other comprehensive income.

Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are subsequently measured at amortized cost using the effective yield method. Cash and cash equivalents are classified as “loans and receivables”.

Financial liabilities other than at fair value through profit or loss

Financial liabilities other than at fair value through profit or loss are subsequently measured at amortized cost using the effective yield method.

Payables and accruals are classified as “financial liabilities other than at fair value through profit or loss”.

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

For financial instruments quoted in an active market, fair value is determined by reference to quoted market prices. Bid 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.

Impairment

A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. An assessment is made at each statement of financial position date to determine whether there is objective evidence that a specific financial asset or a group of similar assets may be impaired. If such evidence exists, the asset is written down to its recoverable amount. The recoverable amount of an equity instrument is determined with reference to market rates or appropriate valuation models. Any impairment loss is recognised in the statement of profit or loss or other comprehensive income.

Financial assets are written off when there is no realistic prospect of recovery.

2.5 Cash and cash equivalents

Cash in hand and demand and time 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.

Gains or losses arising from changes in the fair value of investments at fair value through profit or loss are recognized in the statement of profit or loss and other comprehensive income.

Dividend income is recognised when the right to receive the payment is established.

Interest income is recognized using the effective yield method.

2.8 Distributions payable to 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

Fund's functional currency is the Kuwaiti Dinar. Foreign currency transactions are recorded in Kuwaiti Dinar 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.

3. Cash and cash equivalents

Cash and cash equivalents represent current account balances with a local bank and balance held with a foreign financial services company.

	Kuwaiti Dinars	
	2020	2019
Balance with a bank	1,970,302	316,556
Total cash and cash equivalents	1,970,302	316,556

4. Investments at fair value through profit or loss

Investments at fair value through profit or loss represents investments in various funds across the globe.

Notes to the Financial Statements – 31 December 2020

5. Payables and accruals

	Kuwaiti Dinars	
	31 December 2020	31 December 2019
Subscription waiting for allocation	1,500,000	-
Accrued management fee	53,354	40,410
Accrued custodian and investment controller fee	4,940	3,742
Other accrued expenses	4,189	4,187
	<u>1,562,483</u>	<u>48,339</u>

The Fund Custodian is paid an annual fee of 0.0625% of the Fund's net asset value or a minimum of KD 3,125, calculated monthly and paid on quarterly basis.

The Investment controller is paid an annual fee of 0.0625% of the Fund's net asset value or a minimum of KD 3,125, calculated monthly and paid on quarterly basis.

6. Share capital

The Fund's capital ranges from 500,000 units to 30,000,000 units with par value of KD 10 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, subject to the limits mentioned in the Articles of Association. As at 31 December 2020, the Fund's outstanding issued and paid up units at nominal value were 1,490,208 as of 31 December 2020 (31 December 2019 - 1,112,139 units).

Bonus

The General assembly of the Unit holders held on 24 September 2020 approved the distribution of bonus units at the rate of 7% for the period ended 31 December 2019.

Equalization reserve

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

7. Net asset value per redeemable unit

	Kuwaiti Dinars	
	31 December 2020	31 December 2019
Net assets attributable to redeemable unit holders	16,177,357	12,348,455
Number of redeemable units	1,490,208	1,112,139
Net asset value per redeemable investment unit	10.856	11.103

The net asset value per unit is calculated in accordance with the Articles of Association.

8. Related parties

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operation decisions. Transactions with related parties are approved by the Fund Manager.

The Fund Manager is paid an annual fee of 1.35% of the Fund's net asset value accrued monthly and paid quarterly.

The Fund Manager is also entitled to subscription fee of 1% on subscriptions as a placement agent.

Notes to the Financial Statements – 31 December 2020

The Fund Manager is required to hold units with a minimum value of KD 250,000 in the Fund subject to a maximum of 80% of the issued units. As at 31 December 2020, Fund Manager holds 267,500 units representing 17.95% of outstanding redeemable units. (31 December 2019 - 250,000 units representing 22.48% of outstanding redeemable units). (Kuwait Dinar equivalents of 2,500,000).

Fund management fee is disclosed in the statement of profit or loss and other comprehensive income and the related accrual is disclosed in Note 5.

9. 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:

(a) Market risk

Market risk, comprising of currency risk, interest rate risk and equity price risk arises due to movements in foreign currency rates, interest rates and market prices of assets respectively.

(i) 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 is exposed to foreign exchange risk as a result of investments denominated in foreign currency. The Fund is exposed to foreign currency risk primarily with respect to the US Dollar.

As at 31 December 2020, if the KD would have strengthened against the US Dollar by 50 basis points with all variables held constant, profit for the year would have been lower by KD 78,839. (period ended 31 December 2019 - KD 60,382.)

A 50 basis points weakening of the KD against the US Dollar would have an equal, but opposite, effect of the same amount, with all other variables held constant.

(ii) 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 hold interest bearing instruments and therefore is not exposed to interest rate risk.

(iii) 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 at fair value through profit or loss and therefore all changes in market conditions will directly affect statement of profit or loss and comprehensive income.

The Fund Manager moderates this risk through a careful selection of securities with specified sectorial limits within a market.

Notes to the Financial Statements – 31 December 2020

If as at 31 December 2020, the fair value of equity investments was higher by 50 basis points with all other variables remaining constant, the profit for the year would have been higher by KD 78,839. (period ended 31 December 2019 - KD 60,382). A 50 basis points decrease in the fair value of equity investments with all other variables remaining constant would have an equal but the opposite effect on the profit.

(b) 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 statement of financial position date.

The Fund's maximum exposure to credit risk is as follows:

	Kuwaiti Dinars	
	2020	2019
Balances with banks	1,970,302	316,556
	<u>1,970,302</u>	<u>316,556</u>

The Fund minimizes credit risk by placing funds with financial institutions of high credit rating having investment grade and therefore, impact of Expected Credit Loss is not significant to the financial statements taken as a whole.

As at the statement of financial position date, there were no past due or impaired assets.

(c) Liquidity risk

Liquidity risk is the risk that the Fund is unable to meet its payment obligations associated with its financial liabilities when they fall due. Liquidity risk management includes maintaining sufficient cash, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. Finance department maintains flexibility in funding by maintaining availability under committed credit lines. All financial liabilities of the Fund are due within a period of 12 months.

10. Capital risk management

The capital of the Fund is represented by the total equity. The amount of equity attributable to unitholders can change significantly, as the Fund is subject to subscriptions and redemptions at the discretion of the unitholders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide return on investment to the unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development activities of the Fund.

In order to maintain or adjust the capital structure, the Fund's policy is to perform the following:

- Monitor the level of weekly subscriptions and redemptions relative to assets it expects to be able to liquidate within three months and adjust the amount of distributions the Fund pays to redeemable unit holders.
- Redeem and issue new units in accordance with the constitutional documents of the Fund, which include the ability to restrict redemptions and require certain minimum holdings and subscriptions.

The Fund Manager monitors capital based on the value of net assets attributable to redeemable unit holders.

11. 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
Investments at fair value through profit or loss
Payables and accruals

Fair value hierarchy

The fair value of a financial instrument 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 assumes 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

A significant portion of the Fund's financial assets are carried at fair value on the statement of financial position date and those fair values were determined by reference to published price quotations. The fair values of financial instruments that are carried at amortized cost are not significantly different from book value as they are short term in nature.

The Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making measurements. The fair value hierarchy has the following levels:

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

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement.

The Fund's financial assets carried at fair value are classified under level 1 category.

12. Segment information

The Fund is organised into one business segment, which is investing primarily in equity and fixed income securities denominated in US Dollar. As at 31 December 2020, 58% of the Fund's investments are in equity securities and the balance in fixed income and multi asset securities.

13. Taxation

The Fund is not subject to taxation inside Kuwait.

14. Covid -19

The existence of Novel Coronavirus (Covid-19) was confirmed in January 2020 in mainland China and has subsequently spread to many other countries around the world.

The Fund Manager has been closely monitoring the impact of the developments on the operations of the Fund. Investments of the fund are fair valued using latest market price as at the period end. Till the date of authorization of these financial statements, there have been no significant redemptions in the units of the Fund.

15. Comparative figures

Certain prior period amounts have been reclassified to conform to current year presentation with no effect on net profit or equity.