

QE INDEX ETF
INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2020

QE INDEX ETF
INTERIM CONDENSED FINANCIAL STATEMENTS
For the six month period ended 30 June 2020

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Independent auditor's report on review of interim condensed financial statements to the unit holders of QE Index ETF

Introduction

We have reviewed the accompanying 30 June 2020 interim condensed financial statements of QE Index ETF ("the Fund"), which comprise:

- The interim statement of financial position as at 30 June 2020;
- The interim statement of comprehensive income for the three and six month periods ended 30 June 2020;
- The interim statement of changes in net assets attributable to the unit holders for the six month period ended 30 June 2020;
- The interim statement of cash flows for the six month period ended 30 June 2020; and
- notes to the interim condensed financial statements.

The Fund Manager of the Fund is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, 'Interim Financial Reporting' ("IAS 34") and applicable provisions of the Qatar Central Bank regulations. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements for the six month period ended 30 June 2020 are not prepared, in all material respects, in accordance with IAS 34 and the applicable provisions of the Qatar Central Bank regulations.

22 July 2020
Doha
State of Qatar

Gopal Balasubramaniam
KPMG
Qatar Auditor's Registry Number 251
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QE INDEX ETF
INTERIM STATEMENT OF FINANCIAL POSITION
As at 30 June 2020

	Note	30 June 2020 QAR <i>(Reviewed)</i>	31 December 2019 QAR <i>(Audited)</i>
ASSETS			
Cash and cash equivalents	3	1,135,275	1,240,173
Investment securities	4	<u>358,433,913</u>	<u>366,660,260</u>
TOTAL ASSETS		<u>359,569,188</u>	<u>367,900,433</u>
LIABILITIES			
Payables and accrued expenses	5	<u>658,251</u>	<u>1,005,227</u>
TOTAL LIABILITIES		<u>658,251</u>	<u>1,005,227</u>
NET ASSETS ATTRIBUTABLE TO THE UNIT HOLDERS		<u>358,910,937</u>	<u>366,895,206</u>
NUMBER OF UNITS IN ISSUE (UNITS)		<u>40,562,310</u>	<u>35,737,310</u>
NET ASSET VALUE PER UNIT (QAR)		<u>8.848</u>	<u>10.266</u>

These interim condensed financial statements were approved by the Founder's Board of Directors and were signed on its behalf by:



Dr. Raghavan Sentharaman
Group Chief Executive Officer
Doha Bank Q.P.S.C.

22 July 2020

The accompanying notes 1 to 10 form an integral part of these interim condensed financial statements.

QE INDEX ETF
INTERIM STATEMENT OF COMPREHENSIVE INCOME
For the three and six month periods ended 30 June 2020

	Note	Three month period ended		Six month period ended	
		30 June 2020	30 June 2019	30 June 2020	30 June 2019
		QAR	QAR	QAR	QAR
		<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>
OPERATING INCOME / (LOSS)					
Net gain / (loss) from investment securities	6	31,447,507	12,293,069	(48,046,716)	5,588,942
Dividend income		1,808,012	111,441	13,988,520	15,424,928
Total income / (loss)		33,255,519	12,404,510	(34,058,196)	21,013,870
EXPENSES					
Administration fees		(96,725)	(96,725)	(193,450)	(193,450)
Custodian fees		(41,794)	(38,789)	(81,623)	(77,441)
Brokerage fees		-	-	(29,720)	(2,179)
Other operating expenses		(306,567)	(318,519)	(570,014)	(634,690)
Total expenses		(445,086)	(454,033)	(874,807)	(907,760)
CHANGE IN NET ASSETS ATTRIBUTABLE TO THE UNIT HOLDERS					
		32,810,433	11,950,477	(34,933,003)	20,106,110

The accompanying notes 1 to 10 form an integral part of these interim condensed financial statements.

QE INDEX ETF**INTERIM STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO THE UNIT HOLDERS**

For the six month period ended 30 June 2020

	30 June 2020		30 June 2019	
	Number of units	QAR	Number of units	QAR
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
Balance at 1 January (Audited)	<u>35,737,310</u>	<u>366,895,206</u>	<u>35,737,310</u>	<u>364,278,852</u>
Change in net assets attributable to the unit holders	-	(34,933,003)	-	20,106,110
Dividend paid (Note 10)		(15,263,716)		(15,188,356)
<u>Contributions and redemptions by unit holders:</u>				
Issue of redeemable units during the period	5,575,000	48,731,450	-	-
Redemption of redeemable units during the period	<u>(750,000)</u>	<u>(6,519,000)</u>	<u>-</u>	<u>-</u>
Transactions with the unit holders	<u>4,825,000</u>	<u>42,212,450</u>	<u>-</u>	<u>-</u>
Balance at 30 June	<u>40,562,310</u>	<u>358,910,937</u>	<u>35,737,310</u>	<u>369,196,606</u>

Note: As per the instructions from the Qatar Financial Markets Authority, the Fund's Management Committee on 1 April 2019 approved a 10 for 1 unit split i.e. 10 new units were exchanged for 1 old unit. This has led to an increase in the number of outstanding units from 3,573,731 to 35,737,310. The listing of the new units on Qatar Exchange was effective from 7 July 2019, as decided by the Qatar Exchange. Consequently, the number of units outstanding has been retrospectively adjusted.

The accompanying notes 1 to 10 form an integral part of these interim condensed financial statements.

QE INDEX ETF
INTERIM STATEMENT OF CASH FLOWS
For the six month period ended 30 June 2020

	Note	For the six month period ended 30 June 2020 QAR (Reviewed)	For the six month period ended 30 June 2019 QAR (Reviewed)
OPERATING ACTIVITIES			
Change in net assets attributable to the unit holders		(34,933,003)	20,106,110
Adjustments for:			
Net unrealized loss / (gain) on revaluation of investment securities	6	<u>43,794,995</u>	<u>(5,596,770)</u>
Operating profit before changes in operating assets and liabilities		8,861,992	14,509,340
<i>Changes in:</i>			
Investment securities		(35,568,648)	500,745
Payables and accrued expenses		<u>(346,976)</u>	<u>244,415</u>
Net cash (used in) / from operating activities		<u>(27,053,632)</u>	<u>15,254,500</u>
FINANCING ACTIVITIES			
Proceeds from issue of redeemable units		48,731,450	-
Payment against redemption of units		(6,519,000)	-
Dividend paid	10	<u>(15,263,716)</u>	<u>(15,188,356)</u>
Net cash from / (used in) financing activities		<u>26,948,734</u>	<u>(15,188,356)</u>
Net (decrease) / increase in cash and cash equivalents		(104,898)	66,144
Cash and cash equivalents at the beginning of the period		<u>1,240,173</u>	<u>581,082</u>
Cash and cash equivalents at 30 June	3	<u>1,135,275</u>	<u>647,226</u>

1. LEGAL STATUS AND MAIN ACTIVITIES

QE Index ETF (“QETF” or “the Fund”) was established on 9 April 2017, as an open ended fund and is registered in the Investment Funds Register at the Ministry of Economy and Commerce under registration certificate no. 96762 and is licensed by the Qatar Central Bank under license no. IF/26/2016 in accordance with Law No. (25) of 2002 and the Ministry of Economy and Commerce Decision No. (69) of the year 2004 for issuing by-laws for investment funds of the State of Qatar. The Fund commenced its operation on 12 February 2018.

The Fund is authorised by Qatar Financial Markets Authority (QFMA) and was listed on Qatar Stock Exchange on 5 March 2018.

The Fund has, at the date of establishment, a minimum capital of QAR 10,000,000.

Doha Bank Q.P.S.C., the “Founder”, is a Qatari closed public shareholding company, having QCB License No. B.S.D/11/1979 and registered with the Ministry of Economy and Commerce under Commercial Registration Number 7115.

Effective 1 September 2019, the Fund is managed by Aventicum Capital Management (Qatar) L.L.C. authorised by the Qatar Financial Centre Regulatory Authority (QFCRA) on 2 July 2013 (QFC No. 00173) and registered with QFMA on 31 March 2019.

Standard Chartered Bank (Qatar branch) is the appointed Custodian and Administrator of the Fund.

Objective of the Fund and nature of its activity

The principal objective of the Fund is:

- a) To replicate the performance results of the Qatar Exchange Price Index (“Index”) (which is a capitalisation weighted index of the twenty most highly capitalised and liquid issuers whose equity securities trade on the exchange) by investing in the Index Components according to weights that substantially correspond with those found in the Index;
- b) The fund will not hold more than 10% of the total outstanding voting securities of any issuer, including any Index Component. The maximum weight that any index Component may comprise of the Fund as of each semi-annual rebalance of the Index, is 15% of the Total Net Assets; and
- c) The fund will not invest in the securities of the Founder, Fund manager or Investment Custodian except to the extent such securities are Index Components.

The interim condensed financial statements for the six month period ended 30 June 2020 was authorised for issue by the Founder on 22 July 2020.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim condensed financial statements of the Fund for the six month period ended 30 June 2020 have been prepared in accordance with IAS 34 – “Interim Financial Reporting” and the applicable provisions of the Qatar Central Bank regulations.

The interim condensed financial statements do not contain all statements and disclosures required in the annual financial statements and should be read in conjunction with the financial statements for the year ended 31 December 2019. In addition, results for the six month period ended 30 June 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

These interim condensed financial statements is prepared on a historical cost basis, except for investment securities classified as fair value through profit or loss which are carried at fair value.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of preparation (continued)

The interim condensed financial statements have been presented in QAR, which is the presentational currency of the Fund's financial statements.

The preparation of these interim condensed financial statements in conformity with the IFRS® ("IFRS Standards") requires Fund Manager to make judgments, estimates and assumptions that affects the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by Fund Manager in applying the Fund's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2019.

The financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended 31 December 2019.

IFRS Standards, amendments and interpretations issued

New IFRS Standards, amendments and interpretations issued and effective on or after 1 January 2020

- Definition of Material – Amendments to IAS 1 and IAS 8 (Effective 1 January 2020)
- Definition of a Business – Amendments to IFRS 3 (Effective 1 January 2020)
- Amendments to References to Conceptual Framework in IFRS Standards (Effective 1 January 2020)

The adoption of these new IFRS Standards and amendments had no significant impact on the financial statements of the Fund.

IFRS Standards, amendments and interpretations issued but not yet effective

The new IFRS Standards, amendments to IFRS Standards and interpretations which have been issued but are not yet effective for the period ended 30 June 2020 and have not been applied in preparing this interim condensed financial statements were as follows:

- IFRS 17 – "Insurance Contracts" (Effective on 1 January 2021)
- Amendments to IFRS 10 – "Consolidated Financial Statements" and IAS 28 – "Investments in Associates and Joint Ventures" on sale or contribution of assets between an investor and its associate or joint venture (Effective date deferred indefinitely / available for optional adoption)

The Fund does not plan to early adopt these IFRS Standards.

QE INDEX ETF
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
For the six month period ended 30 June 2020

3. CASH AND CASH EQUIVALENTS

	30 June 2020	31 December 2019
	QAR	QAR
	<i>(Reviewed)</i>	<i>(Audited)</i>
Current accounts	<u>1,135,275</u>	<u>1,240,173</u>

4. INVESTMENT SECURITIES

Investment securities carried as fair value through profit or loss:

	30 June 2020	31 December 2019
Currency	QAR	QAR
	<i>(Reviewed)</i>	<i>(Audited)</i>
Listed equity securities – State of Qatar	<u>358,433,913</u>	<u>366,660,260</u>

5. PAYABLES AND ACCRUED EXPENSES

	30 June 2020	31 December 2019
	QAR	QAR
	<i>(Reviewed)</i>	<i>(Audited)</i>
Management fee	-	731,268
Custodian fees	41,463	40,828
Administration fees	96,725	97,085
Other accruals	<u>520,063</u>	<u>136,046</u>
	<u>658,251</u>	<u>1,005,227</u>

6. NET GAIN / (LOSS) FROM INVESTMENT SECURITIES

	Three month	Three month	Six month	Six month
	period ended	period ended	period ended	period ended
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	QAR	QAR	QAR	QAR
	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Net loss on sale of investment securities	-	-	(4,251,721)	(7,828)
Net unrealized gain / (loss) on revaluation of investment securities	<u>31,447,507</u>	<u>12,293,069</u>	<u>(43,794,995)</u>	<u>5,596,770</u>
	<u>31,447,507</u>	<u>12,293,069</u>	<u>(48,046,716)</u>	<u>5,588,942</u>

7. 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.

Total Expense ratio

The Fund shall pay to the parties from the Total Expense Ratio (“TER”) of 0.5% of average daily Net asset value payable annually in arrears at the close of the last Valuation period of each calendar year.

The Fund shall pay all costs and fees associated with the Fund from the TER including:

- The Investment Custodian’s Fees, inclusive of and fees charged by the Investment Custodian for administrative, transfer agency and/or registrar fees;
- The Administrator’s fees;
- Listing fees charged by the Qatar Exchange;
- Licensing fees charged by the Index provider;
- Fees of Qatar Central Securities Depository;
- All reasonable fees incurred in connection with producing, printing, posting and otherwise distributing the Prospectus and other required Periodic reports;
- Reasonable audit fees;
- Reasonable legal fees;
- Reasonable marketing fees;
- Brokerage fees;
- Any other fixed costs.

Any remaining fee from the TER after payment of the above expenses shall be paid in the ratio of 50% to Fund manager and 50% to Founder of the Fund.

8. FAIR VALUE HIERARCHY

The Fund uses the following hierarchy for determining and disclosing the fair value of financial investments by valuation technique:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets at fair value through profit or loss held by the fund are valued as per the Level 1 valuation method.

9. IMPACT OF COVID-19

The coronavirus (“COVID-19”) pandemic has spread across various geographies globally, causing disruption to business and economic activities. COVID-19 has brought about uncertainties in the global economic environment. The fiscal and monetary authorities, both domestic and international, have announced various support measures across the globe to counter possible adverse implications.

The Fund has also considered potential impacts of the current economic volatility in determination of the reported amounts of the Fund’s financial assets, of which a significant portion comprises of listed equity investment securities carried at fair value through profit or loss, and these represent their fair values as at the reporting date. Markets however remain volatile and the recorded amounts remain sensitive to market fluctuations.

10. DIVIDEND DISTRIBUTION

The Fund Committee approved and distributed a total dividend of QAR 0.377 per unit for the year ended 31 December 2019 (2018: QAR 0.425 per unit) as follows:

- On 7 April 2020, the Fund Committee approved a cash dividend of QAR 0.333 per unit, to be distributed to unitholders entitled as on record-date 23 April 2020; and
- On 5 May 2020, the Fund Committee approved a cash dividend of QAR 0.044 per unit, to be distributed to unitholders entitled as on record-date 19 May 2020.