

QE INDEX ETF

Financial statements and independent auditor's report
for the year ended 31 December 2023

QE INDEX ETF

Financial statements for the year ended 31 December 2023

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Independent auditor's report to the unitholders of QE Index ETF

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements presents fairly, in all material respects, the financial position of QE Index ETF ("the Fund") as at 31 December 2023 and its financial performance and its cash flows for the year then ended in accordance with the IFRS Accounting Standards.

What we have audited

The Fund's financial statements comprise:

- the statement of financial position as at 31 December 2023;
- the statement of comprehensive income for the year then ended;
- the statement of changes in net assets attributable to the unit holders for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include material accounting policies, and other explanatory information.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the financial statements in the State of Qatar. We have fulfilled our other ethical responsibilities in accordance with IESBA Code and ethical requirements in the state of Qatar.

Our audit approach

Overview

Key audit matter | Valuation of investment securities

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where fund manager made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Fund, the accounting processes and controls, and the industry in which the Fund operates.

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Independent auditor's report to the unitholders of QE Index ETF (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of investment securities</p> <p>Fair valuation of investment securities represent the manager's best estimate of the fair value. As described in the material accounting policies to the financial statements, the fair value has been determined in accordance with IFRS 9.</p> <p>Further, the fair value of investment securities as 31 December 2023, comprises listed equity securities, amounted to QAR 426,012,263 representing 99.76% of the total asset value of the fund assets as at 31 December 2023, hence are material within the overall context of the financial statements. Refer note 4 for investment securities disclosure.</p> <p>Net gain from investment securities amounted to QAR 6,129,151 for the year ended 31 December 2023 and disclosed in note 6 to the financial statements.</p>	<p>Our audit procedures in relation to this key audit matter included the following:</p> <ul style="list-style-type: none">•Obtained the understanding of the process followed by the manager for investment management activities.•Tested the valuation of the listed investment portfolio as at 31 December 2023, by agreeing the prices used by the manager in the valuation to independent third party sources as at 31 December 2023.•Tested the existence of the listed investment portfolio by agreeing the holdings of investments to the custodian confirmation as at 31 December 2023.•Re-computed on sample basis, the net gain from investment securities, comprising of net realized gain on sale of investment securities and net unrealized gain on revaluation of investment securities•Evaluated the reasonableness of the financial statements disclosures in accordance with the IFRS Accounting Standards.



Independent auditor's report to the unitholders of QE Index ETF (continued)

Responsibilities of management and those charged with governance for the financial statements

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

In preparing the financial statements, the Fund Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management 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 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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 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.



Independent auditor's report to the unitholders of QE Index ETF (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

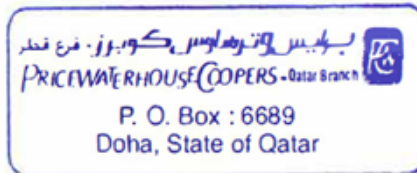
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For and on behalf of PricewaterhouseCoopers – Qatar Branch
Qatar Financial Market Authority registration number 120155

Waleed Tahtamouni
Auditor's registration number 370
Doha, State of Qatar
04 February 2024



QE INDEX ETF

Financial statements for the year ended 31 December 2023
(All amounts are expressed in Qatari Riyals unless otherwise stated)

STATEMENT OF FINANCIAL POSITION As at 31 December 2023

	Notes	2023 QAR	2022 QAR
Assets			
Cash and cash equivalents	3	1,011,306	1,570,145
Investment securities	4	426,012,263	422,078,063
Total Assets		427,023,569	423,648,208
Liabilities			
Payables and accrued expenses	5	987,195	1,387,979
Total liabilities		987,195	1,387,979
Net assets attributable to the unit holders		426,036,374	422,260,229
Number of units in issue (Units)		40,637,310	40,687,310
Net asset value per unit (QAR)		10.484	10.378

These financial statements were approved by the Committee members as authorized by the Board of Directors on 04 February 2024 and were signed on its behalf by:

Braik Al Marri
Chief Retail Banking Officer
On behalf of the QE Index ETF



The accompanying notes 1 to 10 form an integral part of these financial statements.
Independent auditors' report is set out on pages 1 to 4.

QE INDEX ETF

Financial statements for the year ended 31 December 2023

(All amounts are expressed in Qatari Riyals unless otherwise stated)

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	2023 QAR	2022 QAR
Operating income			
Net gain / (loss) from investment securities	6	6,129,151	(37,036,410)
Dividend income		18,872,915	17,861,349
Total (Net) Income		25,002,066	(19,175,061)
Expenses			
Management fees	7	(709,689)	(954,630)
Administration fees		(388,618)	(397,453)
Custodian fees		(176,948)	(212,798)
Brokerage fees		(108,314)	(208,201)
Other operating expenses *	10	(678,739)	(756,016)
Total Expenses		(2,062,308)	(2,529,098)
Change in net assets attributable to the unit holders		22,939,758	(21,704,159)



The accompanying notes 1 to 10 form an integral part of these financial statements.
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QE INDEX ETF

Financial statements for the year ended 31 December 2023

(All amounts are expressed in Qatari Riyals unless otherwise stated)

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO THE UNIT HOLDERS For the year ended 31 December 2023

	2023		2022	
	Number of units	QAR	Number of units	QAR
Balance at 1 January (Audited)	40,687,310	422,260,229	40,662,310	461,466,780
Change in net assets attributable to the unit holders	-	22,939,758	-	(21,704,159)
Dividends paid (Note 9)	-	(18,727,663)	-	(17,810,092)
<i>Contributions and redemptions by unit holders:</i>				
Issue of redeemable units during the year	25,000	256,675	25,000	307,700
Redemption of redeemable units during the year	(75,000)	(692,625)	-	-
Transactions with the unit holders	(50,000)	(435,950)	25,000	307,700
Balance at 31 December	40,637,310	426,036,374	40,687,310	422,260,229



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QE INDEX ETF

Financial statements for the year ended 31 December 2023

(All amounts are expressed in Qatari Riyals unless otherwise stated)

STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Notes	2023 QAR	2022 QAR
Operating activities			
Change in net assets attributable to the unit holders		22,939,758	(21,704,159)
Adjustments for:			
Net unrealized gain / (loss) on revaluation of investment securities	6	(7,674,709)	40,581,636
Operating profit before changes in operating assets and liabilities		15,265,049	18,877,475
Changes in:			
Investment securities		3,740,509	(1,661,747)
Payables and accrued expenses		(400,784)	242,069
Net cash flows generated from operating activities		18,604,774	17,457,797
Financing activities			
Proceeds from issue of redeemable units		256,675	307,700
Payment against redemption of units		(692,625)	-
Dividends paid (Note 9)		(18,727,663)	(17,810,092)
Net cash flows used in financing activities		(19,163,613)	(17,502,392)
Net decrease in cash and cash equivalents		(558,839)	(44,595)
Cash and cash equivalents at the beginning of the year		1,570,145	1,614,740
Cash and cash equivalents as at 31 December	3	1,011,306	1,570,145



The accompanying notes 1 to 10 form an integral part of these financial statements.
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QE INDEX ETF

Financial statements for the year ended 31 December 2023

Notes to the financial statements

(All amounts are expressed in Qatari Riyals unless otherwise stated)

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 Commerce and Industry 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 Commerce and Industry 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 authorized 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 Commerce and Industry under Commercial Registration Number 7115.

Effective 1 September 2019, the Fund is managed by Aventure Capital Management (Qatar) L.L.C. authorized 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:

- (i) To replicate the performance results of the Qatar Exchange Price Index ("Index") (which is a capitalization weighted index of the twenty most highly capitalized 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;
- (ii) 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
- (iii) 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 financial statements for the year ended 31 December 2023 was authorized for issue by the Founder on 04 February 2024.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial statements of the Fund for the year ended 31 December 2023 have been prepared in accordance with IFRS Accounting Standards.

These 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.

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

QE INDEX ETF

Financial statements for the year ended 31 December 2023

Notes to the financial statements

(All amounts are expressed in Qatari Riyals unless otherwise stated)

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

2.1 Basis of preparation (continued)

The preparation of these financial statements in conformity with the IFRSs 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.

2.1.1 New, amended standards and interpretations

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

During the period, the above IFRS Accounting Standards and amendments to IFRS Accounting Standards have been applied by the Fund in preparation of these financial statements. The below were effective from 1 January 2023:

- IFRS 17 Insurance contracts and amendments to IFRS 17 insurance contracts
- Classification of liabilities as current or non-current – Amendments to IAS 1
- Disclosure of accounting policies – Amendments to IAS 1 and IFRS practice statement 2
- Definition of accounting estimates – Amendments to IAS 8
- Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12

The adoption of the above IFRS Standards and amendments to IFRS Standards did not have any material impact on the amounts recognized in prior and current periods and are not expected to significantly affect the future reporting periods.

b) *Standards, amendments and interpretations issued but not yet effective*

A number of standards and amendments to standards are issued but not yet effective and the Fund has not adopted these in the preparation of these financial statements. The below standards may have an impact on the Fund's financial statements, however, the Fund is currently evaluating the impact of these new standards. The Fund will adopt these new standards on the respective effective dates.

2.2 Material accounting policies

a) *Revenue recognition*

Interest from deposits and other financial assets are recognised on an accrual basis using the effective interest rate method.

Dividend income is recognised when the Fund has the right to collect the dividends.

b) *Fees and commissions*

Fees and commissions expenses are recognized on an accrual basis.

c) *Financial instruments*

Classification

The Fund classifies its financial assets and financial liabilities into the following category:

(i) Financial assets at fair value through profit or loss

Financial assets which are equity shares listed on the Qatar Stock Exchange classified as 'Fair value through profit or loss' are acquired principally for the purpose of generating a profit from short-term sale or acquired to maintain weights as per the objective of the Fund, which is the business model.

QE INDEX ETF

Financial statements for the year ended 31 December 2023

Notes to the financial statements

(All amounts are expressed in Qatari Riyals unless otherwise stated)

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

2.2 Material accounting policies (continued)

(ii) Recognition

The Fund recognizes a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets *within the time frame generally established by regulation or convention in the marketplace are recognized on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.*

(iii) De-recognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized where:

- The rights to receive cash flows from the asset have expired; or
- The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- Either (a) the Fund has transferred substantially all the risks and rewards of the asset, or (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Fund has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Fund's continuing involvement in the asset.

The Fund derecognizes a financial liability when the obligation under the liability is discharged, cancelled or expires.

(iv) Initial measurement

Financial assets classified as 'Fair value through profit or loss' are recorded in the statement of financial position at fair value. Net gains and losses including any dividend income is recognized in profit or loss. All transaction costs related to such financial assets and liabilities are recognized directly in profit or loss.

(v) Subsequent measurement

After initial measurement, the Fund measures financial instruments which are classified as 'Fair value through profit or loss' at closing price. Subsequent changes in the fair value of those financial instruments are recorded in 'Net gain or loss on financial assets and liabilities at fair value through profit or loss'.

Cash and cash equivalents

For the purpose of the cash flows statement, cash and cash equivalents consist of bank balances in current accounts.

Fair value

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 in the principal, or in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk

When available, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

QE INDEX ETF

Financial statements for the year ended 31 December 2023

Notes to the financial statements

(All amounts are expressed in Qatari Riyals unless otherwise stated)

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

2.2 Material accounting policies (continued)

Other payables and accruals

Liabilities are recognized for amounts to be paid in the future for services received, whether billed by the supplier or not.

Subscriptions pending allotment

The initial subscriptions made by the investors before the allotment of units will be recorded as liabilities against the cash received.

Offsetting

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is generally not the case with master-netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

Dividend policy

The Fund will distribute dividends to the unit holders from the income it receives from Index Securities, net of expenses and dividend purification, at least annually.

3 CASH AND CASH EQUIVALENTS

	2023 QAR	2022 QAR
Current accounts	1,011,306	1,570,145

4 INVESTMENT SECURITIES

Investment securities carried as fair value through profit or loss:

	Currency	2023 QAR	2022 QAR
Listed equity securities - State of Qatar	QAR	426,012,263	422,078,063

5 PAYABLES AND ACCRUED EXPENSES

	2023 QAR	2022 QAR
Management Fee	709,689	954,630
Custodian fees	47,825	49,172
Administration fees	96,724	96,725
Other accruals	132,957	287,452
	987,195	1,387,979

QE INDEX ETF

Financial statements for the year ended 31 December 2023

Notes to the financial statements

(All amounts are expressed in Qatari Riyals unless otherwise stated)

6 NET GAIN / (LOSS) FROM INVESTMENT SECURITIES

	2023	2022
	QAR	QAR
Net gain on sale of investment securities	(1,545,558)	3,545,224
Net unrealized gain / (loss) on revaluation of investment securities	7,674,709	(40,581,636)
	6,129,151	(37,036,410)

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.

(a) 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.

(b) Management fees

The management fee is calculated and payable to the Founder and the Fund Manager on an annual basis in the ratio of 50% to Fund manager and 50% to Founder of the Fund from the TER after payment of the above expenses.

	2023	2022
	QAR	QAR
Statement of financial position items		
Accrued management fees	709,689	954,630
Statement of comprehensive income items		
Management fees	709,689	954,630

(c) Dividends

During the year ended 31 December 2023, the Fund had paid QAR 296,121 as dividends to the Founder in relation to their holdings in the Fund (31 December 2022: nil).

QE INDEX ETF

Financial statements for the year ended 31 December 2023

Notes to the financial statements

(All amounts are expressed in Qatari Riyals unless otherwise stated)

8 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

Introduction

The Fund's investment strategy is to replicate the investment results of the Qatar Exchange Price Index by investing in the Index Components according to weights that substantially correspond to those found in the index. In order to manage risks at least 90% of the fund's capital will be invested in Index Components, the remainder will be kept in cash or local money market instruments. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risks limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund is exposed to market risk, credit risk and liquidity risk arising from the financial instruments it holds.

Risk management structure

The Fund Manager is responsible for identifying and controlling risks. The Founder will formulate investment and risks management policies for the Fund and the Fund Manager will abide by the investment and risk management policies as per the Articles of Association.

Risk measurement and reporting system

The Fund uses a number of specialist systems and IT resources in processing, managing and storing data. The Fund Manager has a dedicated IT team and a 'Business Continuity Plan' in the event of disaster. However, in the event, systems and IT resources are not available for an extended period, this could affect the performance of the Fund.

The Fund is subject to operational processing in settling deals, collecting dividends and executing corporate actions. In the event, that an operational process was to fail or not fully be carried out, the Fund may suffer a financial loss. The Fund Manager monitors and measures the overall risk in relation to the aggregate risk exposure across all risks type and activities.

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as profit rates, foreign exchange rates and equity prices. The maximum risk resulting from approved financial instrument equals to their fair value.

(a) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Fund is not exposed to any interest rate risk as all the securities are Equity investments.

(b) Currency risk

Currency risk is the risk that the value of financial instrument will fluctuate due to changes in foreign exchange rates. The Fund is not exposed to any currency risk as all the transactions are carried out in Qatari Riyals and US Dollars. Since QAR is pegged to the USD, so there is no significant foreign exchange risk.

(c) Equity price risk

Equity price risk is the risk of unfavorable changes in the fair values of equities as a result of changes in the levels of equity indices and the value of individual shares. The unit holders' net assets price risk exposure arises from the Fund's investments in unit holders' equity securities. As of 31 December 2023, the Fund has equity securities amounting to QAR 426,012,263 (2022: QAR 422,078,063). A 1% variation in the equity indices would result in increase/ (decrease) in the fair values of equity securities and the income statement by QAR 4,260,122 (2022: QAR 4,220,780).

QE INDEX ETF

Financial statements for the year ended 31 December 2023

Notes to the financial statements

(All amounts are expressed in Qatari Riyals unless otherwise stated)

8 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (continued)

(d) Concentration of equity price risk

The Fund seeks to replicate Index, therefore all securities are placed in the state of Qatar.

The following table analyses the Fund's concentration of equity price risk in the Fund's equity portfolio by industrial distribution.

	2023 % of equity securities	2022 % of equity securities
Financials	54%	52%
Industrials	24%	24%
Telecommunications	5%	4%
Real estate	3%	3%
Insurance	0%	2%
Transportation	8%	9%
Consumer goods and services	6%	6%
	100%	100%

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, resulting in a financial loss to the Fund. It arises principally from bank balances and other assets.

The Fund's policy over credit risk is to minimize the exposure to counterparties with perceived higher risk of default by dealing only with counterparties meeting the credit standards set out in the Fund's prospectus and by taking collateral.

The Fund's maximum exposure at the reporting date is represented by the respective carrying amounts of the relevant financial assets in the statement of financial position.

Gross maximum exposures are as follows:

Exposure to credit risk	2023 QAR	2022 QAR
Cash and Cash equivalent		
Current account	1,011,306	1,570,145
Total credit risk exposure	1,011,306	1,570,145

No financial assets carried at amortized cost were past due or impaired at 31 December 2023.

The Fund has a current account with banks, having acceptable credit rating.

QE INDEX ETF

Financial statements for the year ended 31 December 2023

Notes to the financial statements

(All amounts are expressed in Qatari Riyals unless otherwise stated)

8 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities or redeem its shares earlier than expected.

If the total aggregate redemption requests on any Dealing Day exceed 10% (ten percent) of the total number of Units outstanding on the immediately preceding Valuation Day, the Founder may, in its sole discretion, defer any redemption request in whole or part so that the 10% level is not exceeded. Any deferred redemption requests will have priority over any other subsequent redemption requests and will be affected on the next Dealing Day, subject always to the 10% limit.

The Fund seeks to replicate, before fees and expenses, the performance results of the Index by investing in the Index components according to weights that substantially correspond with those found in Index and complying with its guideline which, under normal market conditions, are readily convertible to cash. In addition, the Fund's policy is to maintain sufficient cash and cash equivalents to meet normal operating requirements. It is the Fund Manager duty to monitor the Fund's liquidity position on a daily basis.

As at reporting date, the Fund has 0.24% of its net assets invested in cash and cash equivalents.

Tracking error risk

Changes in the investments of the Fund, including based on changes in the weightings of Index Securities and the rebalancing of the Fund may result in a tracking error. Also, the Fund TER will reduce its returns and will result in a tracking error against the performance of the Index.

In addition, in the event of the temporary suspension or interruption of trading in Index Securities, or delisting of any of the Index securities or of market disruptions, trading on behalf of the Fund may not be possible and may result in tracking error. Tracking error may also occur because the Fund maintains cash to pay expenses and dividends while the Index does not include any cash.

Maturity of financial assets and liabilities

The following table sets out the maturity profile of the Fund's assets and liabilities. Analysis of financial assets at fair value through profit or loss into maturity groupings is based on the expected date on which these assets will be realized. For other assets, the analysis into maturity groupings is based on the remaining period at the statement of financial position date to the contractual maturity date or if earlier, the expected date on which the assets will be realized.

QE INDEX ETF

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(All amounts are expressed in Qatari Riyals unless otherwise stated)

8 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Maturity profile as at 31 December 2023

	0-3 months	3-12 months	1-5 years	Over 5 years	Undated	Total
Assets	-	-	-	-	-	-
Bank balance	1,011,306	-	-	-	-	1,011,306
Financial assets at fair value through profit or loss	426,012,263	-	-	-	-	426,012,263
Total assets	427,023,569	-	-	-	-	427,023,569
Liabilities						
Other liabilities	987,195	-	-	-	-	987,195
Total liabilities	987,195	-	-	-	-	987,195
Maturity gap	426,036,374	-	-	-	-	426,036,374

Maturity profile as at 31 December 2022

	0-3 months	3-12 months	1-5 years	Over 5 years	Undated	Total
Assets	1,570,145	-	-	-	-	1,570,145
Bank balance						
Financial assets at fair value through profit or loss	422,078,063	-	-	-	-	422,078,063
Total assets	423,648,208	-	-	-	-	423,648,208
Liabilities						
Other liabilities	1,387,979	-	-	-	-	1,387,979
Total liabilities	1,387,979	-	-	-	-	1,387,979
Maturity gap	4,22,260,229	-	-	-	-	422,260,229

Fair value of financial assets and liabilities

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. Consequently, differences can arise between book value and the fair value estimates. Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to materially curtail the scale of its operation or to undertake a transaction on adverse terms.

Financial assets are carried at fair value through profit or loss and hence there is no difference between carrying value and fair value. Financial liability are initially recognized when the Fund becomes a party to the contractual provisions of the instrument.

The fair value of other receivables, payables for investment transactions and other payables and accrued expenses, which are predominantly re-priced, short term in tenure and issued at market rates, are considered to reasonably approximate their book value.

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(All amounts are expressed in Qatari Riyals unless otherwise stated)

8 FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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.

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	31 December 2023			
	Fair value through profit or loss	Other amortised cost	Total Carrying amount	Fair value
Assets				
Bank balance	-	1,011,306	1,011,306	1,011,306
Financial assets at fair value through profit or loss	426,012,263	-	426,012,263	426,012,263
	426,012,263	1,011,306	427,023,569	427,023,569
Liabilities				
Other liabilities	-	987,195	987,195	987,195
	-	987,195	987,195	987,195

	31 December 2022			
	Fair value through profit or loss	Other amortised cost	Total carrying amount	Fair value
Assets				
Bank balance	-	1,570,145	1,570,145	1,570,145
Financial assets at fair value through profit or loss	422,078,063	-	422,078,063	422,078,063
	422,078,063	1,570,145	423,648,208	423,648,208
Liabilities				
Other liabilities	-	1,387,979	1,387,979	1,387,979
	-	1,387,979	1,387,979	1,387,979

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9 DIVIDEND DISTRIBUTION

The Fund Committee approved and distributed a total dividend of 0.460 per unit for the year ended 31 Dec 2022 paid during the year (2022:QAR 0.387 and 0.051 per unit for financial year 2021) as follows:

- On 04 April 2023, the Fund Committee approved and declared a cash dividend of QAR 0.460 per unit, to be distributed to unitholders. The unitholders as on record date 06 April 2023, would receive their entitlement on the payment date 10 April 2023 (2022:QAR 0.387 and 0.051 per unit).

10 OTHER OPERATING EXPENSES

Total statutory audit fees for the year amounted to QR 44,000 (2022: 40,000), which includes quarterly review and statutory audit of the financial statements, along with the NAV agreed upon procedures on a quarterly basis.