

QE INDEX ETF
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021

QE INDEX ETF
CONDENSED INTERIM FINANCIAL STATEMENTS
For the nine month period ended 30 September 2021

CONTENTS

Page(s)

Independent auditor's report on review of condensed interim financial statements

1

Condensed financial statements

Condensed statement of financial position

2

Condensed statement of comprehensive income

3

Condensed statement of changes in net assets attributable to the unit holders

4

Condensed statement of cash flows

5

Notes to the condensed interim financial statements

6 - 10



KPMG
25 C Ring Road
PO Box 4473, Doha
State of Qatar
Telephone: +974 4457 6444
Fax: +974 4442 5626
Website: home.kpmg/qa

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

Introduction

We have reviewed the accompanying 30 September 2021 condensed interim financial statements of QE Index ETF ("the Fund"), which comprise:

- The condensed statement of financial position as at 30 September 2021;
- The condensed statement of comprehensive income for the three and nine month periods ended 30 September 2021;
- The condensed statement of changes in net assets attributable to the unit holders for the nine month period ended 30 September 2021;
- The condensed statement of cash flows for the nine month period ended 30 September 2021; and
- notes to the condensed interim financial statements.

The manager of the Fund is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard 34, '*Interim Financial Reporting*' ("IAS 34"). Our responsibility is to express a conclusion on these condensed interim 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 condensed 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 condensed interim financial statements for the nine month period ended 30 September 2021 are not prepared, in all material respects, in accordance with IAS 34.


25 October 2021
Doha
State of Qatar

Gopal Balasubramaniam
KPMG
Qatar Auditor's Registry Number 251
Licensed by QFMA: External
Auditor's License No. 120153

QE INDEX ETF
CONDENSED STATEMENT OF FINANCIAL POSITION
As at 30 September 2021

	Note	30 September 2021 QAR (Reviewed)	31 December 2020 QAR (Audited)
ASSETS			
Cash and cash equivalents	3	1,553,419	1,385,267
Investment securities	4	455,748,492	409,220,205
Due from broker		27,433,946	-
TOTAL ASSETS		484,735,857	410,605,472
LIABILITIES			
Due to broker		27,135,627	-
Payables and accrued expenses	5	930,706	1,165,658
TOTAL LIABILITIES		28,066,333	1,165,658
NET ASSETS ATTRIBUTABLE TO THE UNIT HOLDERS			
		456,669,524	409,439,814
NUMBER OF UNITS IN ISSUE (UNITS)			
		40,662,310	39,987,310
NET ASSET VALUE PER UNIT (QAR)			
		11.231	10.239

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


Dr. Raghavan Sreetharan
Group Chief Executive Officer
Dena Bank Q.P.S.C.

25 October 2021



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

QE INDEX ETF
CONDENSED STATEMENT OF COMPREHENSIVE INCOME
For the three and nine month periods ended 30 September 2021

	Note	Three month period ended		Nine month period ended	
		30 September 2021	30 September 2020	30 September 2021	30 September 2020
		QAR	QAR	QAR	QAR
		(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
OPERATING INCOME					
Net gain / (loss) from investment securities	6	30,390,225	39,730,624	41,873,125	(8,316,092)
Dividend income		-	-	11,851,050	13,988,520
Total income		30,390,225	39,730,624	53,724,175	5,672,428
EXPENSES					
Administration fees		(98,696)	(96,725)	(298,223)	(290,175)
Custodian fees		(58,863)	(53,742)	(205,689)	(135,365)
Brokerage fees		(114,603)	(57,050)	(152,289)	(86,771)
Other operating expenses		(284,788)	(273,496)	(947,719)	(843,510)
Total expenses		(556,950)	(481,013)	(1,603,920)	(1,355,821)
CHANGE IN NET ASSETS ATTRIBUTABLE TO THE UNIT HOLDERS		29,833,275	39,249,611	52,120,255	4,316,607



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

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

For the nine month period ended 30 September 2021

	30 September 2021		30 September 2020	
	Number of units	QAR	Number of units	QAR
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
Balance at 1 January (Audited)	<u>39,987,310</u>	<u>409,439,814</u>	<u>35,737,310</u>	<u>366,895,206</u>
Change in net assets attributable to the unit holders	-	52,120,255	-	4,316,607
Dividend paid (Note 9)		(11,560,070)		(15,263,716)
<u>Contributions and redemptions by unit holders:</u>				
Issue of redeemable units during the period	2,525,000	26,266,275	5,700,000	49,848,875
Redemption of redeemable units during the period	<u>(1,850,000)</u>	<u>(19,596,750)</u>	<u>(850,000)</u>	<u>(7,437,150)</u>
Transactions with the unit holders	<u>675,000</u>	<u>6,669,525</u>	<u>4,850,000</u>	<u>42,411,725</u>
Balance at 30 September	<u>40,662,310</u>	<u>456,669,524</u>	<u>40,587,310</u>	<u>398,359,822</u>



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

QE INDEX ETF
CONDENSED STATEMENT OF CASH FLOWS
For the nine month period ended 30 September 2021

	Note	For the nine month period ended 30 September 2021 QAR (Reviewed)	For the nine month period ended 30 September 2020 QAR (Reviewed)
OPERATING ACTIVITIES			
Change in net assets attributable to the unit holders		52,120,255	4,316,607
Adjustments for:			
Net unrealized (gain) / loss on revaluation of investment securities	6	(40,001,695)	5,962,383
Operating profit before changes in operating assets and liabilities		12,118,560	10,278,990
<i>Changes in:</i>			
Investment securities		(6,526,592)	(36,926,887)
Due from a related party		-	(6,500)
Due from broker		(27,433,946)	-
Due to broker		27,135,627	-
Payables and accrued expenses		(234,952)	406,226
Net cash from / (used in) operating activities		5,058,697	(26,248,171)
FINANCING ACTIVITIES			
Proceeds from issue of redeemable units		26,266,275	49,848,875
Payment against redemption of units		(19,596,750)	(7,437,150)
Dividend paid	9	(11,560,070)	(15,263,716)
Net cash (used in) / from financing activities		(4,890,545)	27,148,009
Net increase in cash and cash equivalents		168,152	899,838
Cash and cash equivalents at the beginning of the period		1,385,267	1,240,173
Cash and cash equivalents at 30 September	3	1,553,419	2,140,011



QE INDEX ETF
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the nine month period ended 30 September 2021

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 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 condensed interim financial statements for the nine month period ended 30 September 2021 was authorised for issue by the Founder on 25 October 2021.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The condensed interim financial statements of the Fund for the nine month period ended 30 September 2021 have been prepared in accordance with IAS 34 – “Interim Financial Reporting”.

The condensed interim 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 2020. In addition, results for the nine month period ended 30 September 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

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

The preparation of these condensed interim financial statements in conformity with International Financial Reporting Standards ("IFRS") 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 2020.

The financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended 31 December 2020.

IFRS Standards, amendments and interpretations issued

New IFRS Standards, amendments and interpretations issued and effective on or after 1 January 2021

- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) (Effective 1 January 2021)

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 September 2021 and have not been applied in preparing these condensed interim financial statements were as follows:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) (Effective on 1 January 2022)
- Annual Improvements to IFRS Standards 2018-2020 (Effective on 1 January 2022)
- Classification of liabilities as current or non-current (Amendments to IAS 1) (Effective on 1 January 2023)
- Amendments to IFRS 17 (Effective on 1 January 2023)

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

QE INDEX ETF
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the nine month period ended 30 September 2021

3. CASH AND CASH EQUIVALENTS

	30 September 2021	31 December 2020
	QAR	QAR
	<i>(Reviewed)</i>	<i>(Audited)</i>
Current accounts	<u>1,553,419</u>	<u>1,385,267</u>

4. INVESTMENT SECURITIES

Investment securities carried as fair value through profit or loss:

	30 September 2021	31 December 2020
Currency	QAR	QAR
	<i>(Reviewed)</i>	<i>(Audited)</i>
Listed equity securities – State of Qatar	<u>QAR 455,748,492</u>	<u>409,220,205</u>

5. PAYABLES AND ACCRUED EXPENSES

	30 September 2021	31 December 2020
	QAR	QAR
	<i>(Reviewed)</i>	<i>(Audited)</i>
Management fee	-	739,848
Custodian fees	58,863	46,304
Administration fees	98,696	98,576
Other accruals	773,147	280,930
	<u>930,706</u>	<u>1,165,658</u>

6. NET GAIN / (LOSS) FROM INVESTMENT SECURITIES

	Three month period ended 30 September 2021	Three month period ended 30 September 2020	Nine month period ended 30 September 2021	Nine month period ended 30 September 2020
	QAR	QAR	QAR	QAR
	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Net gain / (loss) on sale of investment securities	2,114,037	1,898,012	1,871,430	(2,353,709)
Net unrealized gain / (loss) on revaluation of investment securities	<u>28,276,188</u>	<u>37,832,612</u>	<u>40,001,695</u>	<u>(5,962,383)</u>
	<u>30,390,225</u>	<u>39,730,624</u>	<u>41,873,125</u>	<u>(8,316,092)</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. DIVIDEND DISTRIBUTION

The Fund Committee approved and distributed a total dividend of QAR 0.29 per unit for the year ended 31 December 2020 (2019: QAR 0.377 per unit) as follows:

- On 11 April 2021, the Fund Committee approved a cash dividend of QAR 0.29 per unit, to be distributed to unitholders entitled as on record-date 20 April 2021.

QE INDEX ETF
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the nine month period ended 30 September 2021

10. 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.