

QE INDEX ETF
INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021

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For the three month period ended 31 March 2021

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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 31 March 2021 interim condensed financial statements of QE Index ETF ("the Fund"), which comprise:

- the interim statement of financial position as at 31 March 2021;
- the interim statement of comprehensive income for the three month period ended 31 March 2021;
- the interim statement of changes in net assets attributable to the unit holders for the three month period ended 31 March 2021;
- the interim statement of cash flows for the three month period ended 31 March 2021; and
- notes to the interim condensed financial statements.

The 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 31 March 2021 interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 and the applicable provisions of the Qatar Central Bank regulations.

28 April 2021
Doha
State of Qatar




Gopal Balasubramaniam
KPMG
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QE INDEX ETF
INTERIM STATEMENT OF FINANCIAL POSITION
As at 31 March 2021

	Note	31 March 2021 QAR (Reviewed)	31 December 2020 QAR (Audited)
ASSETS			
Cash and cash equivalents	3	12,356,174	1,385,267
Investment securities	4	408,695,861	409,220,205
Other receivables		1,618,616	-
TOTAL ASSETS		422,670,651	410,605,472
LIABILITIES			
Payables and accrued expenses	5	1,172,597	1,165,658
TOTAL LIABILITIES		1,172,597	1,165,658
NET ASSETS ATTRIBUTABLE TO THE UNIT HOLDERS		421,498,054	409,439,814
NUMBER OF UNITS IN ISSUE (UNITS)		40,212,310	39,987,310
NET ASSET VALUE PER UNIT (QAR)		10.482	10.239

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


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


28 April 2021



The accompanying notes 1 to 11 form an integral part of these interim condensed financial statements.

QE INDEX ETF
INTERIM STATEMENT OF COMPREHENSIVE INCOME
For the three month period ended 31 March 2021

	Note	For the three month period ended 31 March 2021	For the three month period ended 31 March 2020
		QAR	QAR
		(Reviewed)	(Reviewed)
OPERATING INCOME / (LOSS)			
Net loss from investment securities	6	(1,246,446)	(79,494,223)
Dividend income		11,683,677	12,180,508
Total income / (loss)		10,437,231	(67,313,715)
EXPENSES			
Administration fees		(98,751)	(97,930)
Custodian fees		(81,113)	(39,829)
Brokerage fees		(37,686)	(29,720)
Other operating expenses		(293,714)	(262,242)
Total expenses		(511,264)	(429,721)
CHANGE IN NET ASSETS ATTRIBUTABLE TO THE UNIT HOLDERS		9,925,967	(67,743,436)



The accompanying notes 1 to 11 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 three month period ended 31 March 2021

	31 March 2021		31 March 2020	
	Number of units	QAR	Number of units	QAR
	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>
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	-	9,925,967	-	(67,743,436)
<u>Contributions and redemptions by unit holders:</u>				
Issue of redeemable units during the period	925,000	9,329,375	5,500,000	48,053,500
Redemption of redeemable units during the period	<u>(700,000)</u>	<u>(7,197,102)</u>	<u>(750,000)</u>	<u>(6,519,000)</u>
Transactions with the unit holders	<u>225,000</u>	<u>2,132,273</u>	<u>4,750,000</u>	<u>41,534,500</u>
Balance at 31 March	<u>40,212,310</u>	<u>421,498,054</u>	<u>40,487,310</u>	<u>340,686,270</u>

The accompanying notes 1 to 11 form an integral part of these interim condensed financial statements

QE INDEX ETF
INTERIM STATEMENT OF CASH FLOWS
For the three month period ended 31 March 2021

	Note	For the three month period ended 31 March 2021 QAR (Reviewed)	For the three month period ended 31 March 2020 QAR (Reviewed)
OPERATING ACTIVITIES			
Change in net assets attributable to the unit holders		9,925,967	(67,743,436)
Adjustments for:			
Net unrealized loss on revaluation of investment securities	6	994,034	75,242,502
Operating profit before changes in operating assets and liabilities		10,920,001	7,499,066
<i>Changes in:</i>			
Investment securities		(469,690)	(34,891,874)
Other receivables		(1,618,616)	(9,074,343)
Payables and accrued expenses		6,939	7,771,520
Net cash from / (used in) from operating activities		8,838,634	(28,695,631)
FINANCING ACTIVITIES			
Proceeds from issue of redeemable units		9,329,375	48,053,500
Payment against redemption of units		(7,197,102)	(6,519,000)
Net cash from financing activities		2,132,273	41,534,500
Net increase in cash and cash equivalents		10,970,907	12,838,869
Cash and cash equivalents at the beginning of the period		1,385,267	1,240,173
Cash and cash equivalents at 31 March	3	12,356,174	14,079,042

The accompanying notes 1 to 11 form an integral part of these interim condensed financial statements.

QE INDEX ETF
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
For the three month period ended 31 March 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 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 three month period ended 31 March 2021 was authorised for issue by the Founder on 28 April 2021.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

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

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 International Financial Reporting Standards ("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.

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 31 March 2021 and have not been applied in preparing this interim condensed 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 INTERIM CONDENSED FINANCIAL STATEMENTS
For the three month period ended 31 March 2021

3. CASH AND CASH EQUIVALENTS

	31 March 2021	31 December 2020
	QAR	QAR
	<i>(Reviewed)</i>	<i>(Audited)</i>
Current accounts	<u>12,356,174</u>	<u>1,385,267</u>

4. INVESTMENT SECURITIES

Investment securities carried as fair value through profit or loss:

	31 March 2021	31 December 2020
Currency	QAR	QAR
	<i>(Reviewed)</i>	<i>(Audited)</i>
Listed equity securities – State of Qatar	<u>QAR 408,695,861</u>	<u>409,220,205</u>

5. PAYABLES AND ACCRUED EXPENSES

	31 March 2021	31 December 2020
	QAR	QAR
	<i>(Reviewed)</i>	<i>(Audited)</i>
Management fee	739,848	739,848
Custodian fees	83,278	46,304
Administration fees	97,020	98,576
Other accruals	<u>252,451</u>	<u>280,930</u>
	<u>1,172,597</u>	<u>1,165,658</u>

6. NET LOSS FROM INVESTMENT SECURITIES

	For the three month period ended 31 March 2021	For the three month period ended 31 March 2020
	QAR	QAR
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Net realized loss on sale of investment securities	(252,412)	(4,251,721)
Net unrealized loss on revaluation of investment securities	<u>(994,034)</u>	<u>(75,242,502)</u>
	<u>(1,246,446)</u>	<u>(79,494,223)</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.

In addition, the Fund’s investments are concentrated in Qatar that is relatively dependent on the price of crude oil. As at the end of the financial reporting period, oil prices have witnessed unprecedented volatility. The Fund’s management is closely monitoring the situation and has activated its business continuity planning and other risk management practices to manage the potential business disruption the COVID-19 outbreak may have on its operations and financial performance.

The Fund has also considered potential impacts of the current economic volatility in determination of the reported amounts of the Fund’s financial and non-financial assets and these are considered to represent management’s best assessment based on available or observable information. Markets however remain volatile and the recorded amounts remain sensitive to market fluctuations.

QE INDEX ETF
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
For the three month period ended 31 March 2021

10. COMPARATIVE INFORMATION

The comparative figures have been reclassified where necessary to preserve consistency with the current year. However, such reclassifications did not have any effect on the net profit or equity for the comparative period

11. SUBSEQUENT EVENT

On 11 April 2021, the Fund Committee approved a cash dividend of QAR 0.29 per unit for the year ended 31 December 2020 (2019: QAR 0.377 per unit).