

QE Index ETF

Interim condensed financial information

31 March 2024

QE Index ETF

Interim condensed financial information for the period ended
31 March 2024

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Report on review of the interim condensed financial information to the unit holders of QE Index ETF

Introduction

We have reviewed the accompanying interim condensed statement of financial position of QE Index ETF (the “fund”) as at 31 March 2024 and the related interim condensed statement of comprehensive income, changes in net assets attributable to the unit holders and cash flows for the three-month period then ended and other explanatory notes. Fund Manager is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Accounting Standard 34, ‘Interim Financial Reporting’ (‘IAS 34’). Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, ‘Review of interim financial information performed by the independent auditor of the entity’. A review of interim condensed financial information 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 information is not prepared, in all material respects, in accordance with IAS 34.

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
29 April 2024




QE INDEX ETF

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

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION As at 31 March 2024

	Note	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Assets			
Current assets			
Cash and cash equivalents	3	15,095,824	1,011,306
Due from broker	6	10,346,693	-
Investment securities	4	385,505,899	426,012,263
Dividend receivable		1,505,608	-
Total Assets		412,454,024	427,023,569
Liabilities and net assets attributable to the unit holders			
Current liabilities			
Due to broker	6	8,486,323	-
Payables and accrued expenses	5	1,104,292	987,195
Total liabilities		9,590,615	987,195
Net assets attributable to the unit holders		402,863,409	426,036,374
Number of units in use (Units)		40,562,310	40,637,310
Net asset value per unit (QAR)		9.932	10.484

This interim condensed financial information were approved by the committee members as authorized by the board of directors and were signed on its behalf by:


Fawad Ishaq
Chief Treasury & Investor Officer
On behalf of the QE Index ETF (QETF)



The accompanying notes 1 to 10 form an integral part of these interim condensed financial information.
Independent auditors' review report is set out on page 1.

QE Index ETF

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

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the three-month period ended 31 March 2024

	Note	For the period ended 31 March 2024 (Unaudited)	For the period ended 31 March 2023 (Unaudited)
Net loss from investment securities	7	(38,237,926)	(18,336,004)
Dividend income		16,331,080	18,872,915
Net (loss)/income		(21,906,846)	536,911
Administration fees		(96,725)	(97,327)
Custodian fees		(48,487)	(45,536)
Brokerage fees		(70,327)	(40,877)
Other operating expenses		(292,380)	(346,934)
Total Expenses		(507,919)	(530,674)
Other comprehensive income		-	-
Change in net assets Attributable to the unit holders		(22,414,765)	6,237



The accompanying notes 1 to 10 form an integral part of these interim condensed financial information. Independent auditors' review report is set out on page 1.

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

INTERIM CONDENSED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO THE UNIT HOLDERS

For the three-month period ended 31 March 2024

		For the period ended 31 March 2024 QAR (Unaudited)	Number of Units (Unaudited)	For the period ended 31 March 2023 QAR (Unaudited)
Balance at 1 January (Audited)	40,637,310	426,036,374	40,687,310	422,260,229
Change in net assets attributable to the unit holders	-	(22,414,765)	-	6,237
<i>Contributions and redemptions by unit holders:</i>				
Issue of redeemable units during the quarter	-	-	25,000	256,675
Redemption of redeemable units during the quarter	(75,000)	(758,200)	-	-
Transactions with the unit holders	(75,000)	(758,200)	25,000	256,675
Balance at 31 March (Unaudited)	40,562,310	402,863,409	40,712,310	422,523,141



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INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the three-month period ended 31 March 2024

	Note	For the period ended 31 March 2024 (Unaudited)	For the period ended 31 March 2023 (Unaudited)
Cash flows from operating activities			
Change in net assets attributable to the unit holders		(22,414,765)	6,237
Adjustments for:			
Net unrealized loss on revaluation of investment securities	7	36,992,838	16,717,956
Operating profit before changes in operating assets and liabilities		14,578,073	16,724,193
Working capital changes:			
Investment securities		3,513,526	1,272,535
Due from broker		(10,346,693)	(9,837,523)
Dividend receivable		(1,505,608)	-
Due to broker		8,486,323	10,197,429
Payables and accrued expenses		117,097	(128,986)
Net cash flows generated from operating activities		14,842,718	18,227,648
Cash flows from financing activities			
Proceeds from issue of redeemable units		-	256,675
Payment against redemption of units		(758,200)	-
Net cash flows (used in)/generated from financing activities		(758,200)	256,675
Net increase in cash and cash equivalents		14,084,518	18,484,323
Cash and cash equivalents at 1 January		1,011,306	1,570,145
Cash and cash equivalents at 31 March	3	15,095,824	20,054,468



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QE Index ETF

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

1. LEGAL STATUS AND 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 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 Commerce and Industry 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 unaudited interim condensed financial information of the Fund for the three-month period ended 31 March 2024 was authorised for issuance by the Founder on 29 April 2024.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed financial information of the Fund for the three-month period ended 31 March 2024 have been prepared in accordance with IAS 34 - "Interim Financial Reporting".

The interim condensed financial information do not contain all information and disclosures required in the annual financial statements, and should be read in conjunction with the Fund's annual financial statements as at 31 December 2023. The accounting policies adopted in the preparation of the interim condensed financial information are consistent with those followed in the preparation of the Fund's annual financial statements for the year ended 31 December 2023 except for the adoption of new and amended standards as set out in note (2.2). In addition, results for the three-month period ended 31 March 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

This interim condensed financial information 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.

QE Index ETF

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

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

2.1 Basis of preparation (continued)

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

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 2023.

The financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended 31 December 2023.

2.2 Significant accounting policies

The accounting policies and methods of computation adopted in the preparation of the interim condensed financial information are the same as those followed in the preparation of the Fund's financial statements as at and for the year ended 31 December 2023, except as noted below:

a) New standards, amendments and interpretations effective from 1 January 2024

During the period, the below IFRS Standards and amendments to IFRS Standards have been applied by the Fund in preparation of this interim condensed financial information. The adoption of the below IFRS Standards and amendments to IFRS Standards did not have any impact on the amounts recognized in prior and current periods and are not expected to significantly affect the future reporting periods.

- Classification of liabilities as Current or Non-current – Amendments to IAS 1
- Non-current liabilities with covenants – Amendments to IAS 1
- Lease liability in sale and leaseback – Amendments to IFRS 16
- Supplier finance arrangements – Amendments to IAS 7 and IFRS 7

b) New standards, amendments and interpretations issued but not effective from 1 January 2024

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 the interim condensed financial information. The standards may have an impact on the Fund's interim condensed financial information, however, the Fund is currently evaluating the impact of these new standards. The Fund will adopt these new standards on the respective effective dates.

2.3 Operating Segments

Operations of the Fund are restricted to State of Qatar. The fund only has one segment under which all its operations are covered i.e. fund management.

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

3. CASH AND CASH EQUIVALENTS

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Current accounts	15,095,824	1,011,306
Total	15,095,824	1,011,306

4. INVESTMENT SECURITIES

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Listed equity securities - State of Qatar	385,505,899	426,012,263
	385,505,899	426,012,263

5. PAYABLES AND ACCRUED EXPENSES

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Management Fee	709,689	709,689
Custodian fees	48,487	47,825
Administration fees	96,725	96,724
Other accruals	249,391	132,957
	1,104,292	987,195

6. DUE FROM BROKERS AND DUE TO BROKERS

The amount represents brokerage costs and the settlement on account of trades made by the fund.

7. NET LOSS FROM INVESTMENT SECURITIES

	For the three month period ended 31 March 2024 (Unaudited)	For the three month period ended 31 March 2023 (Unaudited)
Net loss on sale of investment securities measured at FVTPL	(1,245,088)	(1,618,048)
Net unrealized loss on revaluation of investment securities measured at FVTPL	(36,992,838)	(16,717,956)
	(38,237,926)	(18,336,004)

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8. 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 Stock 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.

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.

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Statement of financial position items		
Accrued management fees	709,689	709,689
Statement of comprehensive income items		
Management fees	-	709,689

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9. FAIR VALUE HIERARCHY

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.

Investment securities are carried at fair value through profit or loss and hence there is no difference between carrying value and fair value.

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

The Fund measures fair value using the following fair value hierarchy that reflects the significant inputs used in making the measurement valuation technique:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of investment securities that are traded in active markets are based on quoted market prices. The Fund's portfolio is wholly made up of listed equity securities in the state of Qatar. Therefore, level 1 measurement techniques are used.

10. SUBSEQUENT EVENT

Doha Bank QPSC, as founder, and Aventicum Capital Management (Qatar), the fund manager of the Fund announced a cash distribution of QAR 0.462 per unit. Unitholders of record of the QETF, at the close of business 15 April 2024, will receive a cash distribution payable on 17 April 2024.