

**QE INDEX ETF**  
**INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE NINE MONTH PERIOD ENDED**  
**30 SEPTEMBER 2019**

**QE INDEX ETF**  
**INTERIM CONDENSED FINANCIAL STATEMENTS**  
For the nine month period ended 30 September 2019

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

**Introduction**

We have reviewed the accompanying 30 September 2019 interim condensed financial statements of QE Index ETF ("the Fund"), which comprise:

- The interim statement of financial position as at 30 September 2019;
- The interim statement of comprehensive income for the three and nine month periods ended 30 September 2019;
- The interim statement of changes in net assets attributable to the unit holders for the nine month period ended 30 September 2019;
- The interim statement of cash flows for the nine month period ended 30 September 2019; and
- notes to the interim condensed financial statements.

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

**Scope of Review**

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

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements for the nine month period ended 30 September 2019 are not prepared, in all material respects, in accordance with IAS 34 and the applicable provisions of the Qatar Central Bank regulations.

28 October 2019  
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**  
**INTERIM STATEMENT OF FINANCIAL POSITION**  
As at 30 September 2019

	Note	30 September 2019 QAR (Reviewed)	31 December 2018 QAR (Audited)
<b>ASSETS</b>			
Cash and cash equivalents	3	2,464,762	581,082
Investment securities	4	364,917,493	363,960,584
Other receivable		24,076,273	-
<b>TOTAL ASSETS</b>		<b>391,458,528</b>	<b>364,541,666</b>
<b>LIABILITIES</b>			
Payables and accrued expenses	5	26,155,901	262,814
<b>TOTAL LIABILITIES</b>		<b>26,155,901</b>	<b>262,814</b>
<b>NET ASSETS ATTRIBUTABLE TO THE UNIT HOLDERS</b>		<b>365,302,627</b>	<b>364,278,852</b>
<b>NUMBER OF UNITS IN ISSUE (UNITS)</b>	9	<b>35,737,310</b>	<b>35,737,310</b>
<b>NET ASSET VALUE PER UNIT (QAR)</b>		<b>10.222</b>	<b>10.193</b>

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



David John Challinor  
Chief Financial Officer  
Doha Bank Q.P.S.C.

28 October 2019

The accompanying notes 1 to 9 form an integral part of these interim condensed financial statements.

**QE INDEX ETF**  
**INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
For the three and nine month periods ended 30 September 2019

	Note	Three month period ended		Nine month	For the period from
		30 September 2019	30 September 2018	period ended 30 September 2019	12 February 2018 to 30 September 2018
		QAR	QAR	QAR	QAR
		<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>
<b>OPERATING INCOME</b>					
Net (loss) / gain from investment securities	6	(3,436,653)	14,872,480	2,152,289	16,270,974
Dividend income		-	-	15,424,928	6,819,453
<b>Total (loss) / income</b>		<b>(3,436,653)</b>	<b>14,872,480</b>	<b>17,577,217</b>	<b>23,090,427</b>
<b>EXPENSES</b>					
Administration fees		(96,725)	(96,499)	(290,175)	(245,850)
Custodian fees		(38,414)	(28,544)	(115,855)	(74,840)
Pre-operating expenses		-	-	-	(53,682)
Other operating expenses		(322,187)	(222,308)	(959,056)	(315,642)
<b>Total expenses</b>		<b>(457,326)</b>	<b>(347,351)</b>	<b>(1,365,086)</b>	<b>(690,014)</b>
<b>CHANGE IN NET ASSETS ATTRIBUTABLE TO THE UNIT HOLDERS</b>		<b>(3,893,979)</b>	<b>14,525,129</b>	<b>16,212,131</b>	<b>22,400,413</b>

The accompanying notes 1 to 9 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 nine month period ended 30 September 2019

	30 September 2019		30 September 2018	
	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)	35,737,310	364,278,852	-	-
Change in net assets attributable to the unit holders	-	16,212,131	-	22,400,413
Dividend paid		(15,188,356)		(6,688,357)
<u>Contributions and redemptions by unit holders:</u>				
Issue of redeemable units during the period	-	-	37,237,310	346,328,293
Redemption of redeemable units during the period	-	-	(1,500,000)	(14,611,000)
Transactions with the unit holders	-	-	35,737,310	331,717,293
<b>Balance at 30 September</b>	<b>35,737,310</b>	<b>365,302,627</b>	<b>35,737,310</b>	<b>347,429,349</b>

Note: The number of units have been increased pursuant to instructions from Qatar Financial Markets Authority as explained in note 9 of these interim condensed financial statements. Consequently, the number of units outstanding has been retrospectively adjusted.

The accompanying notes 1 to 9 form an integral part of these interim condensed financial statements.

**QE INDEX ETF**  
**INTERIM STATEMENT OF CASH FLOWS**  
For the nine month period ended 30 September 2019

	Note	For the nine month period ended 30 September 2019 QAR (Reviewed)	For the period from 12 February 2018 to 30 September 2018 QAR (Reviewed)
<b>OPERATING ACTIVITIES</b>			
Change in net assets attributable to the unit holders		16,212,131	22,400,413
Adjustments for:			
Net unrealized gain on revaluation of investment securities	6	<u>(3,349,751)</u>	<u>(12,582,520)</u>
Operating profit before changes in operating assets and liabilities		12,862,380	9,817,893
<i>Changes in:</i>			
Investment securities		2,392,842	(334,183,076)
Other receivables		(24,076,273)	(40,531,045)
Payables and accrued expenses		<u>25,893,087</u>	<u>41,747,549</u>
<b>Net cash from / (used) in operating activities</b>		<b><u>17,072,036</u></b>	<b><u>(323,148,679)</u></b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from issue of redeemable units		-	346,328,293
Payment against redemption of units		-	(14,611,000)
Dividends paid		<u>(15,188,356)</u>	<u>(6,688,357)</u>
<b>Net cash (used in) / from financing activities</b>		<b><u>(15,188,356)</u></b>	<b><u>325,028,936</u></b>
Net increase in cash and cash equivalents		1,883,680	1,880,257
Cash and cash equivalents at the beginning of the period		<u>581,082</u>	<u>-</u>
<b>Cash and cash equivalents at 30 September</b>	3	<b><u>2,464,762</u></b>	<b><u>1,880,257</u></b>

The accompanying notes 1 to 9 form an integral part of these interim condensed financial statements.

**QE INDEX ETF**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
For the nine month period ended 30 September 2019

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**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 nine month period ended 30 September 2019 was authorised for issue by the Founder on 28 October 2019.

**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

**Basis of preparation**

The interim condensed financial statements of the Fund for the nine month period ended 30 September 2019 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 period from 12 February 2018 to 31 December 2018. In addition, results for the nine month period ended 30 September 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

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



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

**Basis of preparation (continued)**

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

The preparation of these interim condensed financial statements in conformity with the 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 period from 12 February 2018 to 31 December 2018.

The financial risk management objectives and policies are consistent with those disclosed in the financial statements for the period from 12 February 2018 to 31 December 2018.

**Standards, amendments and interpretations issued**

*New Standards, amendments and interpretations issued and effective on or after 1 January 2019*

- IFRS 16 Leases
- Annual Improvements to IFRSs 2015–2017 Cycle (Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23)

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

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

The new standards, amendments to standards and interpretations which have been issued but are not yet effective for the period ended 30 September 2019 and have not been applied in preparing this interim condensed financial statements were as follows:

- IFRS 17 – Insurance Contracts
- Amendments to References to Conceptual Framework in IFRS Standards.

The Fund does not plan to early adopt these standards.

**3. CASH AND CASH EQUIVALENTS**

	<b>30 September 2019</b>	31 December 2018
	<b>QAR</b>	QAR
	<i>(Reviewed)</i>	<i>(Audited)</i>
Current accounts	<u>2,464,762</u>	<u>581,082</u>

**QE INDEX ETF**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
For the nine month period ended 30 September 2019

**4. INVESTMENT SECURITIES**

Investment securities carried as fair value through profit or loss:

	Currency	30 September 2019 QAR (Reviewed)	31 December 2018 QAR (Audited)
Listed equity securities – State of Qatar	QAR	<u>364,917,493</u>	<u>363,960,584</u>

**5. PAYABLES AND ACCRUED EXPENSES**

	30 September 2019 QAR (Reviewed)	31 December 2018 QAR (Audited)
Due to broker	25,342,900	-
Custodian fees	38,414	40,276
Administration fees	96,725	96,831
Other accruals	677,862	125,707
	<u>26,155,901</u>	<u>262,814</u>

**6. NET (LOSS) / GAIN FROM INVESTMENT SECURITIES**

	Three month period ended 30 September 2019 QAR (Reviewed)	Three month period ended 30 September 2018 QAR (Reviewed)	Nine month period ended 30 September 2019 QAR (Reviewed)	For the period from 12 February 2018 to 30 September 2018 QAR (Reviewed)
Net (loss) / gain on sale of investment securities	(1,189,634)	3,687,158	(1,197,462)	3,688,454
Net unrealized (loss) / gain on revaluation of investment securities	<u>(2,247,019)</u>	<u>11,185,322</u>	<u>3,349,751</u>	<u>12,582,520</u>
	<u>(3,436,653)</u>	<u>14,872,480</u>	<u>2,152,289</u>	<u>16,270,974</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 quarterly in arrears at the close of the last Valuation period of each quarter.

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. STOCK SPLIT**

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