

Al Watani Fund 2
Condensed Interim Financial Statements
30 June 2022

Al Watani Fund 2

Condensed interim financial statements As at and for the six-month period ended 30 June 2022

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

To the Unit Holders of Al Watani Fund 2

Introduction

We have reviewed the accompanying condensed interim financial statements of Al Watani Fund 2 (the "Fund") for the period ended 30 June 2022, which comprise:

- the interim statement of financial position as at 30 June 2022;
- the interim statement of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2022;
- the interim statement of changes in net assets attributable to the unit holders for the six-month period ended 30 June 2022;
- the interim statement of cash flows for the six-month period ended 30 June 2022; and
- notes to the interim condensed financial statements.

Fund Manager is responsible for the preparation and presentation of these condensed interim financial statements in accordance with IAS 34, 'Interim Financial Reporting'. 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 Information 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 condensed interim financial statements for the period ended 30 June 2022 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

28 July 2022
Doha
State of Qatar



Gopal Balasubramaniam
KPMG
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Al Watani Fund 2

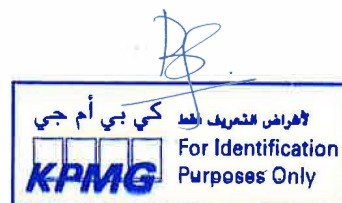
Condensed statement of financial position
As at 30 June 2022

In Qatari Riyals

	Note	30 June 2022 (Reviewed)	31 December 2021 (Audited)
Assets			
Investment securities	3	7,253,299	7,663,752
Bank balances	4	1,549,033	993,781
Other receivables		31	60
Total assets		8,802,363	8,657,593
Liabilities			
Due to related parties	5	156,857	132,442
Other liabilities		38,680	64,125
Total liabilities		195,537	196,567
Net assets attributable to the unit holders		8,606,826	8,461,026
Number of units in issue		369,438	389,157
Net asset value per unit		23.30	21.74

These condensed interim financial statements were authorized for issue and approved by the Fund Manager on 28 July 2022 and signed on their behalf by:

Adel Abdulaziz Khashabi
General Manager – Asset & Wealth Management
Founder- Qatar National Bank Q.P. S.C



The attached notes 1 to 7 form an integral part of these interim condensed financial statements.

Al Watani Fund 2

Condensed statement of profit or loss and other comprehensive income
For the six-month period ended 30 June 2022

In Qatari Riyals

	Note	Three months to 30 June 2022 (Reviewed)	Three months to 30 June 2021 (Reviewed)	Six months to 30 June 2022 (Reviewed)	Six months to 30 June 2021 (Reviewed)
Income					
(Loss) /Income from investment securities	3	(578,303)	409,713	666,400	484,603
Dividend income		48,689	-	284,363	214,569
Interest income		3,034	594	4,868	1,999
		(526,580)	410,307	955,631	701,171
Expenses					
Performance fees / (reversal)	5	26,296	(2,009)	60,657	42,280
Management fees	5	35,203	31,133	69,687	62,010
Custodian fees	5	11,727	10,383	23,225	20,671
Brokerage fees		22,213	12,237	48,258	19,983
Consultant fees		57,624	10,333	57,624	10,333
Professional fees		19,447	19,536	38,680	39,036
		(172,510)	(81,613)	(298,131)	(194,313)
Profit / (loss) for the period		(699,090)	328,694	657,500	506,858
Other comprehensive income for the period		-	-	-	-
Change in net assets attributable to unit holders		(699,090)	328,694	657,500	506,858



The attached notes 1 to 7 form an integral part of these financial statements.

Al Watani Fund 2

Condensed statement of changes in net assets attributable to the unit holders
For the six-month period ended 30 June 2022

In Qatari Riyals

	Number of units	Net assets attributable to the unit holders
Balance at 1 January 2021	457,415	8,536,169
Change in net assets attributable to unitholders	-	506,857
<i>Subscriptions and redemptions by unit holders:</i>		
Subscription of redeemable units during the period	990	19,989
Redemption of redeemable units during the period	(41,387)	(766,583)
Balance at 30 June 2021	<u>417,018</u>	<u>8,296,432</u>
Balance at 1 January 2022	389,157	8,461,026
Change in net assets attributable to unitholders	-	657,500
<i>Subscriptions and redemptions by unit holders:</i>		
Subscription of redeemable units during the period	29,611	765,000
Redemption of redeemable units during the period	(49,330)	(1,276,700)
Balance at 30 June 2022	<u>369,438</u>	<u>8,606,826</u>



The attached notes 1 to 7 form an integral part of these condensed interim financial statements.

Al Watani Fund 2

Condensed statement of cash flows
For the six-month period ended 30 June 2022

In Qatari Riyals

	Note	Six months to 30 June 2022 (Reviewed)	Six months to 30 June 2021 (Reviewed)
OPERATING ACTIVITIES			
Change in net assets attributable to unitholders		657,500	506,857
<i>Adjustments for:</i>			
Interest Income		(4,868)	(1,999)
Net loss/ (gain) from changes in fair value of investment securities classified as FVTPL	3	539,527	(146,661)
		<u>1,192,159</u>	<u>358,197</u>
<i>Changes in:</i>			
Investment securities		(129,074)	684,832
Other liabilities		(25,445)	(83,454)
Due to related parties		24,415	-
Other receivables		29	(1)
		<u>1,062,084</u>	<u>959,574</u>
Interest received		4,868	1,999
Net cash flows from operating activities		<u>1,066,952</u>	<u>961,573</u>
FINANCING ACTIVITIES			
Proceeds from issue of redeemable units		765,000	19,989
Payment for redemption of redeemable units		(1,276,700)	(766,583)
Net cash used in financing activities		<u>(511,700)</u>	<u>(746,594)</u>
Net movement in cash and cash equivalents		555,252	214,979
Cash and cash equivalents at 1 January		993,781	331,564
Cash and cash equivalents at 30 June	4	<u>1,549,033</u>	<u>546,543</u>



The attached notes 1 to 7 form an integral part of these financial statements.

1. Corporate information

Al Watani Fund (2) (the "Fund") is as an open-ended fund incorporated on 8 September 2005, under Law No. 25 of the year 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 was licensed by Qatar Central Bank ("QCB") with License No. 1.F/3/2005 and registered with the Ministry of Commerce and Industry ("Ministry") with a registration number 31352. The Fund invests for capital growth and income in companies listed on the Qatar Exchange and in local funds.

The term of the Fund shall be 10 years, starting with the date of registration of the Fund in the Investment Funds Register of the Ministry, renewable by the Founder on approval of the Qatar Central Bank. On 22 July 2015 the Fund has renewed the licence for another 10 years of operation.

The founder of the Fund is Qatar National Bank (Q.P.S.C.), ("QNB"), a Qatari Joint Stock Company established under the laws of Qatar and having its principal office in Doha, State of Qatar, P.O. Box 1000 (the "Founder"). QNB is the appointed Custodian of the Fund. The Fund is managed by QNB Banque Privee (Suisse), a Company established under the laws of Switzerland (Company Registration Number CH- I 70-3-031-263-3) and having its registered office in Geneva, Switzerland.

2. Basis of preparation and significant accounting policies

2.1 Basis of preparation

The accompanying condensed interim financial statements are prepared in accordance with IAS 34 - "Interim Financial Reporting" These condensed interim financial statements should be read in conjunction with the 2021 annual financial statements of the Fund.

The condensed interim financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards. In addition, results for the three-month period ended 30 June 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

The preparation of the condensed interim financial statements requires management to make judgments, estimates and assumptions that affect 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 management 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 2021.

The Fund has consistently applied the accounting policies as applied in the annual financial statements for the year ended 31 December 2021.

The condensed interim financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss, which have been measured at fair value.

The condensed interim financial statements have been presented in Qatari Riyals ("QR"), which is the functional and presentational currency of the Fund.

2.2 Accounting policies and disclosures

Standard issued and effective

The following amendments to existing standards have been applied by the Fund in preparation of these condensed interim financial statements. The adoption of the below did not result in changes to previously reported net profit or net assets of the Fund.

Standards / Amendment to Standards	Effective date
COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)	1 January 2022
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)	1 January 2022
Annual Improvements to IFRS Standards 2018 – 2020	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022
Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022

2. Basis of preparation and significant accounting policies (continued)

2.1. Accounting policies and disclosures (continued)

Standard issued but not yet effective

The following amended standards are not expected to have any significant impact on the Fund's financial statements.

Standards / Amendment to Standards	Effective date
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	1 January 2023
IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts	1 January 2023
Definition of Accounting Estimate (Amendments to IAS 8)	1 January 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	1 January 2023
Sale or Contribution of Assets between and Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Deferred indefinitely

3. Investment securities

	30 June 2022 <i>(Reviewed)</i>	31 December 2021 <i>(Audited)</i>
Investment securities at FVTPL – quoted equity securities	<u>7,253,299</u>	<u>7,663,752</u>

The above equity securities are listed on Qatar Stock Exchange.

The breakdown of the income from investment securities during the period is presented below.

	Three months to 30 June 2022 <i>(Reviewed)</i>	Three months to 30 June 2021 <i>(Reviewed)</i>	Six months to 30 June 2022 <i>(Reviewed)</i>	Six months to 30 June 2021 <i>(Reviewed)</i>
Gain on sale of investment securities	542,842	300,139	1,205,927	337,942
Net gain / (loss) from changes in fair value of investment securities classified as FVTPL	<u>(1,121,145)</u>	<u>109,574</u>	<u>(539,527)</u>	<u>146,661</u>
	<u>(578,303)</u>	<u>409,713</u>	<u>666,400</u>	<u>484,603</u>

4. Bank balances

	30 June 2022 <i>(Reviewed)</i>	31 December 2021 <i>(Audited)</i>
Bank balances	<u>1,549,033</u>	<u>993,781</u>

The bank balances are held in a savings account carrying an average interest rate of 0.5% (2021:0.5%). The bank balances are held with a Bank which is rated A+, based on Fitch ratings.

5. Related party transactions

Related parties represent the Founder, the Fund Manager, directors and key management personnel of the Fund, and entities controlled, jointly controlled or significantly influenced by such parties. Transaction policies and terms are approved by the management.

Related party transactions

Transactions with related parties included in the statement of profit or loss and other comprehensive income are as follows:

	Three months to 30 June 2022 (Reviewed)	Three months to 30 June 2021 (Reviewed)	Six months to 30 June 2022 (Reviewed)	Six months to 30 June 2021 (Reviewed)
<i>QNB Banque Privee (Suisse)</i>				
Management fees	35,203	31,133	69,687	62,010
Performance fees / (reversal)	26,296	(2,009)	60,657	42,280
	61,499	29,124	130,344	104,290
<i>Qatar National Bank (Q.P.S.C.)</i>				
Custodian fees	11,727	10,383	23,225	20,671

Management fees

The management fee is calculated and payable to the Fund Manager on a monthly basis at an annual rate of 1.5% of the net asset value of the fund.

Custodian fees

The custodian fee is calculated and payable to the custodian on a monthly basis at an annual rate of 0.5% of the net asset value of the fund.

Performance fees

The Fund Managers are entitled to a performance fees calculated at 15% on excess returns over the Index.

Subscription fee

Subscription fees equal to 2% of the subscription price will be payable to the Founder from the amount paid by each unit holder upon subscription.

Redemption fees

Redemption fees equal to 0.5% of the net asset value of the units being redeemed, will be payable to the Founder by the relevant unit holders on the redemption proceeds of units redeemed. This amount will be charged at the time of redemption of units by the unit holders.

	30 June 2022 (Reviewed)	31 December 2021 (Audited)
<i>Due to related parties:</i>		
QNB Banque Privee (Suisse)	145,130	121,844
Qatar National Bank (Q.P.S.C.)	11,727	10,598
	156,857	132,442

6. Fair values of financial instruments

Set out below is a comparison by category of carrying amounts and fair values of all of the Fund's financial instruments, that are carried in the interim statement of financial position.

	30 June 2022 <i>(Reviewed)</i>	31 December 2021 <i>(Audited)</i>
<i>Financial assets measured at fair value through profit or loss</i>		
Investment securities at fair value through profit or loss	7,253,299	7,663,752
<i>Financial assets measured at amortised cost</i>		
Cash and cash equivalents	1,549,033	993,781
Other receivables	31	60
	<u>8,802,363</u>	<u>8,657,593</u>
<i>Financial liabilities measured at amortised cost</i>		
Due to related parties	<u>156,857</u>	<u>132,442</u>

Fair value hierarchy

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 : Quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2 : Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3 : Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	30 June 2022 <i>(Reviewed)</i>	31 December 2021 <i>(Audited)</i>
Financial assets measured at fair value – Investment securities		
- Level 1	7,253,299	7,663,752
- Level 2	-	-
- Level 3	-	-
	<u>7,253,299</u>	<u>7,663,752</u>

During the period ended 30 June 2022 and year ended 31 December 2021, there were no transfers between Level 1 and Level 2 and transfers into and out of Level 3.

7. Impact of COVID-19

In relation to the evolving Coronavirus situation, the management of the Fund is abiding by the instructions issued by Qatar Government authorities. The Fund's priority remains ensuring the health and safety of its employees whilst maintaining its business.

Management of the Fund is actively monitoring its Health and Safety Management policies and also ensuring to provide appropriate training and instructions to its staff and stakeholders on all health and safety matters.

As of the date of approval of these financial statements, there has been limited financial impact on the Fund from the situation.