

Al Watani Fund
Condensed Interim Financial Statements
30 June 2021

Al Watani Fund

**Condensed interim financial statements
As at and for the six-month period ended 30 June 2021**

Contents	Page(s)
Independent auditor's report on review of condensed interim financial statements	1
Condensed interim financial statements	
Interim statement of financial position	2
Interim statement of profit and loss and other comprehensive income	3
Interim statement of changes in net assets attributable to the unit holders	4
Interim statement of cash flows	5
Notes to the condensed interim financial statements	6 – 9



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 Al Watani Fund

Introduction

We have reviewed the accompanying 30 June 2021 condensed interim financial statements of Al Watani Fund (the 'Fund'), which comprise:

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

Fund Manager 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 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 as at 30 June 2021 are not prepared, in all material respects, in accordance with IAS 34 '*Interim Financial Reporting*'.

Other matter

The condensed interim financial information of the Fund as at and for the six-month period ended 30 June 2020 were reviewed, and the financial statements as at and for the year ended 31 December 2020, were audited, by another auditor, who expressed an unmodified review conclusion and unmodified audit opinion on those statements on 12 August 2020 and 27 January 2021, respectively.

27 July 2021
Doha
State of Qatar


Gopal Balasubramaniam
Audit Registration No. 251
KPMG

Al Watani Fund

Condensed interim statement of financial position As at 30 June 2021

In Qatari Riyals

	Note	30 June 2021 (Reviewed)	31 December 2020 (Audited)
Assets			
Cash and cash equivalents	3	1,945,750	1,694,153
Investment securities at fair value through profit or loss	4	32,797,655	34,913,837
Other receivables		33	24
Total assets		34,743,438	36,608,014
Liabilities			
Other payables	5	390,564	687,138
Total liabilities		390,564	687,138
Net assets attributable to the unit holders		34,352,874	35,920,876
Number of units in issue		1,645,312	1,836,091
Net asset value per unit		20.88	19.56

These condensed interim financial statements were authorized for issue and approved by the Fund Manager on 27 July 2021 and signed on their behalf by:

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



The attached notes 1 to 8 form an integral part of these condensed interim financial statements.

Al Watani Fund

Interim statement of profit and loss and other comprehensive income For the three and six month periods ended 30 June 2021

In Qatari Riyals

	Note	Three months to 30 June 2021 (Reviewed)	Three months to 30 June 2020 (Reviewed)	Six months to 30 June 2021 (Reviewed)	Six months to 30 June 2020 (Reviewed)
Income					
Interest income		2,868	9,414	9,270	18,057
Dividend income		-	120,969	896,497	1,176,851
Net gain / (loss) from investment securities at fair value through profit or loss	4	1,847,448	2,988,550	2,182,106	(2,532,832)
		1,850,316	3,118,933	3,087,873	(1,337,924)
Expenses					
Management fees		137,294	117,224	270,229	239,863
Custodian fees		45,764	39,074	90,076	79,954
Performance fees / (reversal of)		(9,972)	50,146	182,416	414,177
Consultant fees		10,333	10,337	10,333	10,337
Brokerage fees		57,520	103,166	95,498	125,814
Professional fees		19,464	24,614	38,964	49,229
		260,403	344,561	687,516	919,374
Profit / (loss) for the period		1,589,913	2,774,372	2,400,357	(2,257,298)
Other comprehensive income for the period		-	-	-	-
Total comprehensive income / (loss) for the period		1,589,913	2,774,372	2,400,357	(2,257,298)



The attached notes 1 to 8 form an integral part of these condensed interim financial statements.

Al Watani Fund

Interim statement of changes in net assets attributable to the unit holders For the six month period ended 30 June 2021

In Qatari Riyals

	Number of units	Net assets attributable to the unit holders
Balance at 1 January 2020	1,894,389	34,404,620
Total comprehensive loss for the period	-	(2,257,298)
<i>Transactions with unit holders:</i>		
Redemption of redeemable units during the period	(2,859)	(46,203)
Balance at 30 June 2020	<u>1,891,530</u>	<u>32,101,119</u>
Balance at 1 January 2021	1,836,091	35,920,876
Total comprehensive income for the period		2,400,357
<i>Transactions with unit holders:</i>		
Redemption of redeemable units during the period	(190,779)	(3,968,359)
Balance at 30 June 2021	<u>1,645,312</u>	<u>34,352,874</u>



The attached notes 1 to 8 form an integral part of these condensed interim financial statements.

Al Watani Fund

Interim statement of cash flows
For the six-month period ended 30 June 2021

In Qatari Riyals

	Note	Six months to 30 June 2021 (Reviewed)	Six months to 30 June 2020 (Reviewed)
OPERATING ACTIVITIES			
Profit / (loss) before tax		2,400,357	(2,257,298)
<i>Adjustments for:</i>			
Interest Income		(9,270)	(18,057)
Net unrealized (gain) / loss from investment securities at fair value through profit or loss	4	<u>(559,353)</u>	<u>1,917,011</u>
		1,831,734	(358,344)
<i>Changes in:</i>			
Investment securities at fair value through profit or loss		2,675,535	4,021,619
Other receivables		(9)	49
Other payables		<u>(296,574)</u>	<u>2,551,819</u>
Net cash used/gained in operating activities		4,210,686	6,215,143
Interest received		<u>9,270</u>	<u>17,946</u>
Net cash flows from operating activities		<u>4,219,956</u>	<u>6,233,089</u>
FINANCING ACTIVITIES			
Payment for redemption of redeemable units		<u>(3,968,359)</u>	<u>(46,203)</u>
Net cash used in financing activities		<u>(3,968,359)</u>	<u>(46,203)</u>
Net increase in cash and cash equivalents		251,597	6,186,886
Cash and cash equivalents at 1 January		<u>1,694,153</u>	<u>1,805,817</u>
Cash and cash equivalents at 30 June	3	<u>1,945,750</u>	<u>7,992,703</u>



The attached notes 1 to 8 form an integral part of these condensed interim financial statements.

1. Legal status and main activities

Al Watani Fund (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 31350. 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 2020 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 six-month period ended 30 June 2021 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 2020.

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

Following standards / interpretations have been adopted by the Fund in the preparation of these condensed interim financial statements. None of these standards / interpretations have a significant impact on the Fund's condensed interim financial statements.

	<i>Effective date</i>
COVID-19-Related Rent Concessions (Amendment to IFRS 16)	1 January 2021
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	1 January 2021

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 and interpretations are not expected to have a significant impact in the Fund's financial statements.

	<i>Effective date</i>
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 use (Amendments to IAS 16)	1 January 2022
Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022
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

3. Cash and cash equivalents

	30 June 2021 <i>(Reviewed)</i>	31 December 2020 <i>(Audited)</i>
Call Deposits	<u>1,945,750</u>	<u>1,694,153</u>

4. Investment securities at fair value through profit or loss

	30 June 2021 <i>(Reviewed)</i>	31 December 2020 <i>(Audited)</i>
Listed equity securities – State of Qatar	<u>32,797,655</u>	<u>34,913,837</u>

The breakdown of the net gain / (loss) from investment securities at fair value through profit or loss during the period is presented below.

	Three months to 30 June 2021 <i>(Reviewed)</i>	Three months to 30 June 2020 <i>(Reviewed)</i>	Six months to 30 June 2021 <i>(Reviewed)</i>	Six months to 30 June 2020 <i>(Reviewed)</i>
Realized gain on sale of listed equity securities	1,423,298	(687,447)	1,622,753	(615,821)
Unrealized gain on revaluation of listed equity securities	424,150	3,675,997	559,353	(1,917,011)
	<u>1,847,448</u>	<u>2,988,550</u>	<u>2,182,106</u>	<u>(2,532,832)</u>

5. Other payables

	30 June 2021 <i>(Reviewed)</i>	31 December 2020 <i>(Audited)</i>
Performance fees accrued	182,416	468,251
Management fees accrued	137,294	133,790
Custodian fees accrued	45,764	44,597
Professional fees accrued	25,090	40,500
	<u>390,564</u>	<u>687,138</u>

6. 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. The Fund has transactions with its Fund Manager and the Custodian and such significant items included below:

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 2021	31 December 2020
		<i>(Reviewed)</i>	<i>(Audited)</i>
Statement of financial position items			
QNB Suisee (the Fund Manager)	Performance fees	182,416	468,251
QNB Suisee (the Fund Manager)	Management fees	137,294	133,790
Qatar National Bank (Q.P.S.C) (the Founder)	Custodian fees	45,764	44,597
		365,474	646,638

		Three months to 30 June 2021	Three months to 30 June 2020	Six months to 30 June 2021	Six months to 30 June 2020
Statement of profit or loss and comprehensive income items					
QNB Suisee (the Fund Manager)	Performance Fees	(9,972)	50,146	182,416	414,177
QNB Suisee (the Fund Manager)	Management fees	137,294	117,224	270,229	239,863
Qatar National Bank (Q.P.S.C) (the Founder)	Custodian fees	45,764	39,074	90,076	79,954
		173,086	206,444	542,721	733,994

7. 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 2021 <i>(Reviewed)</i>	31 December 2020 <i>(Audited)</i>
<i>Financial assets measured at fair value through profit or loss</i>		
Investment securities at fair value through profit or loss	32,797,655	34,913,837
<i>Financial assets measured at amortised cost</i>		
Cash and cash equivalents	1,945,750	1,694,153
Other receivables	33	24
	<u>34,743,438</u>	<u>36,608,014</u>
Other payables	<u>390,564</u>	<u>687,138</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 2021 <i>(Reviewed)</i>	31 December 2020 <i>(Audited)</i>
<i>Financial assets measured at fair value – Investment securities</i>		
- Level 1	32,797,655	34,913,837
- Level 2	-	-
- Level 3	-	-
	<u>32,797,655</u>	<u>34,913,837</u>

During the period, there were no transfers between levels (31 December 2020: Nil).

8. 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.