

Al Watani Fund 2
Condensed Interim Financial Statements
30 June 2021

Al Watani Fund 2

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

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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 30 June 2021 condensed interim financial statements of Al Watani Fund 2 (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 2

**Condensed interim statement of financial position
As at 30 June 2021**

In Qatari Riyals

| | Note | 30 June 2021 <i>(Reviewed)</i> | 31 December 2020 <i>(Audited)</i> |
|--|------|--------------------------------------|---|
| Assets | | | |
| Cash and cash equivalents | 3 | 546,542 | 331,563 |
| Investment securities at fair value through profit or loss | 4 | 7,858,842 | 8,397,013 |
| Other receivables | | 6 | 5 |
| Total assets | | 8,405,390 | 8,728,581 |
| Liabilities | | | |
| Other payables | 5 | 108,958 | 192,412 |
| Total liabilities | | 108,958 | 192,412 |
| Net assets attributable to the unit holders | | 8,296,432 | 8,536,169 |
| Number of units in issue | | 417,018 | 457,415 |
| Net asset value per unit | | 19.89 | 18.66 |

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 2

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 | | 594 | 1,288 | 1,999 | 4,032 |
| Dividend income | | - | 35,878 | 214,569 | 366,673 |
| Net gain / (loss) from investment securities at fair value through profit or loss | 4 | 409,713 | 789,576 | 484,603 | (731,342) |
| | | 410,307 | 826,742 | 701,171 | (360,637) |
| Expenses | | | | | |
| Management fees | | 31,133 | 33,503 | 62,010 | 69,275 |
| Custodian fees | | 10,384 | 11,179 | 20,672 | 23,070 |
| Consultant fees | | 10,333 | 10,337 | 10,333 | 10,337 |
| Performance fees / (reversal) | | (2,009) | 5,021 | 42,280 | 116,088 |
| Brokerage fees | | 12,237 | 7,197 | 19,983 | 28,281 |
| Professional fees | | 19,536 | 24,615 | 39,036 | 49,229 |
| | | 81,614 | 91,852 | 194,314 | 296,280 |
| Profit / (loss) for the period | | 328,693 | 734,890 | 506,857 | (656,917) |
| Other comprehensive income for the period | | - | - | - | - |
| Total comprehensive income / (loss) for the period | | 328,693 | 734,890 | 506,857 | (656,917) |



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

Al Watani Fund 2

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 | 608,256 | 10,550,540 |
| Total comprehensive loss for the period | - | (656,917) |
| <i>Transactions with unit holders:</i> | | |
| Redemption of redeemable units during the period | (48,549) | (826,775) |
| Balance at 30 June 2021 | <u>559,707</u> | <u>9,066,848</u> |
| Balance at 1 January 2021 | 457,415 | 8,536,169 |
| Total comprehensive income for the period | | 506,857 |
| <i>Transactions with unit holders:</i> | | |
| Issue 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> |



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

Al Watani Fund 2

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 | | 506,857 | (656,917) |
| <i>Adjustments for:</i> | | | |
| Interest Income | | (1,999) | (4,032) |
| Net unrealized (gain) / loss from investment securities at fair value through profit or loss | 4 | <u>(146,661)</u> | <u>703,121</u> |
| | | 358,197 | 42,172 |
| <i>Changes in:</i> | | | |
| Investment securities at fair value through profit or loss | | 684,832 | 1,869,257 |
| Other receivables | | (1) | (3) |
| Other payables | | <u>(83,454)</u> | <u>674,515</u> |
| Net cash used/gained in operating activities | | 959,574 | 2,585,941 |
| Interest received | | 1,998 | 4,014 |
| Net cash flows from operating activities | | <u>961,572</u> | <u>2,589,955</u> |
| FINANCING ACTIVITIES | | | |
| Proceeds from issue of redeemable units | | 19,989 | |
| Payment for redemption of redeemable units | | <u>(766,583)</u> | <u>(826,775)</u> |
| Net cash used in financing activities | | <u>(746,594)</u> | <u>(826,775)</u> |
| Net increase in cash and cash equivalents | | 214,978 | 1,763,180 |
| Cash and cash equivalents at 1 January | | <u>331,564</u> | <u>452,552</u> |
| Cash and cash equivalents at 30 June | 3 | <u>546,542</u> | <u>2,215,732</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 (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 Privée (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>546,542</u> | <u>331,563</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>7,858,842</u> | <u>8,397,013</u> |

The breakdown of the net gain / (loss) from investment securities at fair value through profit or loss 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 | 300,140 | (25,954) | 337,942 | (28,221) |
| Unrealized gain on revaluation of listed equity securities | 109,573 | 815,530 | 146,661 | (703,121) |
| | <u>409,713</u> | <u>789,576</u> | <u>484,603</u> | <u>(731,342)</u> |

5. Other payables

| | 30 June 2021 <i>(Reviewed)</i> | 31 December 2020 <i>(Audited)</i> |
|---------------------------|--|---|
| Performance fees accrued | 42,280 | 109,136 |
| Management fees accrued | 31,134 | 32,077 |
| Custodian fees accrued | 10,383 | 10,699 |
| Professional fees accrued | 25,161 | 40,500 |
| | <u>108,958</u> | <u>192,412</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 Suissee (the Fund Manager) | Performance fees | 42,280 | 109,136 |
| QNB Suissee (the Fund Manager) | Management fees | 31,134 | 32,077 |
| Qatar National Bank (Q.P.S.C) (the Founder) | Custodian fee | 10,383 | 10,699 |
| | | 83,797 | 151,912 |

| | | 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 Suissee (the Fund Manager) | Performance fees | (2,009) | 5,021 | 42,280 | 116,088 |
| QNB Suissee (the Fund Manager) | Management fees | 31,133 | 33,503 | 62,010 | 69,275 |
| Qatar National Bank (Q.P.S.C) (the Founder) | Custodian fees | 10,384 | 11,179 | 20,672 | 23,070 |
| | | 39,508 | 49,703 | 124,962 | 208,433 |

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> |
|---|--|---|
| Financial assets measured at fair value through profit or loss | | |
| Investment securities at fair value through profit or loss | 7,858,842 | 8,397,013 |
| Financial assets measured at amortised cost | | |
| Cash and cash equivalents | 546,542 | 331,563 |
| Other receivables | 6 | 5 |
| | <u>8,405,390</u> | <u>8,728,581</u> |
| Other payables | <u>108,958</u> | <u>192,412</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> |
|---|--|---|
| Financial assets measured at fair value – Investment securities | | |
| - Level 1 | 7,858,842 | 8,397,013 |
| - Level 2 | - | - |
| - Level 3 | - | - |
| | <u>7,858,842</u> | <u>8,397,013</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.