

# **QNB Commodity Fund**

## **INTERIM CONDENSED FINANCIAL STATEMENTS**

**30 JUNE 2022**

## REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS TO THE UNIT HOLDERS OF QNB COMMODITY FUND

### Introduction

We have reviewed the accompanying interim condensed financial statements of QNB Commodity Fund (the "Fund") as at 30 June 2022, comprising of the interim statement of financial position as at 30 June 2022 and the related interim statements of comprehensive income for the three month and six month periods ended 30 June 2022, interim statement of changes in net assets attributable to the unit holders and the interim statement of cash flows for the six month period then ended and the related explanatory notes. The Fund Manager (the "Management") is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Financial Reporting Standard IAS 34 - *Interim Financial Reporting* ("IAS 34"). 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 International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim 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 statements of the Fund are not prepared, in all material respects, in accordance with IAS 34.

  
Ahmed Sayed  
of Ernst & Young  
Auditor's Registration No. 326



Date: 21 August 2022  
Doha


QNB Commodity Fund

INTERIM STATEMENT OF FINANCIAL POSITION

At 30 June 2022

	<i>Notes</i>	<i>30 June 2022 (Reviewed) QR</i>	<i>31 December 2021 (Audited) QR</i>
<b>ASSETS</b>			
Financial assets at fair value through profit or loss	3	3,169,338	3,489,139
Other receivables		2,518	-
Bank balances	4	<u>7,512</u>	<u>20,646</u>
<b>TOTAL ASSETS</b>		<u><b>3,179,368</b></u>	<u><b>3,509,785</b></u>
<b>LIABILITIES</b>			
Due to related parties	7	<u>18,018</u>	<u>8,589</u>
<b>TOTAL LIABILITIES</b>		<u><b>18,018</b></u>	<u><b>8,589</b></u>
<b>NET ASSETS ATTRIBUTABLE TO THE UNIT HOLDERS</b>	5	<u><b>3,161,350</b></u>	<u><b>3,501,196</b></u>

The interim condensed financial statements were authorised for issue and approved by the Fund Manager on 21 August 2022 and signed on their behalf by:



Adel Abdulaziz Khashabi  
General Manager – Asset and wealth management



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

# QNB Commodity Fund

## INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the three and six-month period ended 30 June 2022

	Notes	<u>Three months ended 30 June</u>		<u>Six months ended 30 June</u>	
		<u>2022</u> <u>(Reviewed)</u> <u>QR</u>	<u>2021</u> <u>(Reviewed)</u> <u>QR</u>	<u>2022</u> <u>(Reviewed)</u> <u>QR</u>	<u>2021</u> <u>(Reviewed)</u> <u>QR</u>
<b>Income</b>					
Interest income		207	14	207	42
Net gain from financial assets at fair value through profit or loss	6	<u>119,603</u>	<u>451,376</u>	<u>1,249,342</u>	<u>839,914</u>
		<u>119,810</u>	<u>451,390</u>	<u>1,249,549</u>	<u>839,956</u>
<b>Expenses</b>					
Management fees	7	(3,488)	(3,224)	(7,543)	(6,277)
Custodian fees	7	(872)	(806)	(1,886)	(1,569)
Brokerage fees		(338)	(9)	(338)	(45)
Foreign exchange loss		-	-	(2,230)	-
Legal and professional fees		-	(10,138)	-	(10,138)
		<u>(4,698)</u>	<u>(14,177)</u>	<u>(11,997)</u>	<u>(18,029)</u>
<b>PROFIT FOR THE PERIOD BEFORE INCOME TAX</b>					
		<u>115,112</u>	<u>437,213</u>	<u>1,237,552</u>	<u>821,927</u>
Income tax		-	(9,516)	-	(9,516)
<b>PROFIT FOR THE PERIOD AFTER INCOME TAX</b>					
		<u>115,112</u>	<u>427,697</u>	<u>1,237,552</u>	<u>812,411</u>
Other comprehensive income for the period		-	-	-	-
<b>INCREASE IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>					
		<u>115,112</u>	<u>427,697</u>	<u>1,237,552</u>	<u>812,411</u>

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



## QNB Commodity Fund

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

For the six-month period ended 30 June 2022

	<i>Number of units</i>	<i>Net assets attributable to the unit holders QR</i>
Net assets attributable to the unit holders at 1 January 2021 (Audited)	556,668	3,271,167
Payments for units redeemed during the period	(113,251)	(691,105)
Increase in net assets attributable to unit holders	-	812,411
	<u>443,417</u>	<u>3,392,473</u>
Net assets attributable to the unit holders at 30 June 2021 (Reviewed)		
	<u>443,417</u>	<u>3,392,473</u>
Net assets attributable to the unit holders at 1 January 2022 (Audited)	431,408	3,501,196
Payments for units redeemed during the period	(144,294)	(1,577,398)
Increase in net assets attributable to unit holders	-	1,237,552
	<u>287,114</u>	<u>3,161,350</u>
<b>Net assets attributable to the unit holders at 30 June 2022 (Reviewed)</b>	<b><u>287,114</u></b>	<b><u>3,161,350</u></b>



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

# QNB Commodity Fund

## INTERIM STATEMENT OF CASH FLOWS

For the six-month period ended 30 June 2022

	Notes	<i>Six-months ended 30 June</i>	
		<b>2022</b> <i>(Reviewed)</i> <b>QR</b>	<b>2021</b> <i>(Reviewed)</i> <b>QR</b>
<b>Operating activities</b>			
Profit for the period before income tax		<b>1,237,552</b>	821,927
<i>Adjustments for:</i>			
Realised (gain) loss on disposal of financial assets	6	<b>(580,819)</b>	85,310
Unrealised (gain) on revaluation of financial assets	6	<b>(668,523)</b>	(925,224)
Operating cash flows before changes in working capital		<b>(11,790)</b>	(17,987)
<i>Working capital changes:</i>			
Financial assets at fair value through profit or loss		<b>1,569,143</b>	752,070
Due to related parties		<b>9,429</b>	108
Other receivables		<b>(2,518)</b>	-
Other liabilities		<b>-</b>	(57,500)
Cash flows from operations		<b>1,564,264</b>	676,691
Income tax paid		<b>-</b>	(9,516)
<b>Net cash flows from operating activities</b>		<b>1,564,264</b>	667,175
<b>Financing activity</b>			
Payments towards units redeemed		<b>(1,577,398)</b>	(691,105)
<b>Cash flows used in a financing activity</b>		<b>(1,577,398)</b>	(691,105)
<b>Net decrease in bank balances</b>		<b>(13,134)</b>	(23,930)
Bank balances at 1 January		<b>20,646</b>	27,971
<b>Bank balances at 30 June</b>	4	<b>7,512</b>	4,041

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

ERNST & YOUNG  
Doha - Qatar

21 AUG 2022

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Purposes Only

# QNB Commodity Fund

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2022

### 1 CORPORATE INFORMATION

QNB Commodity Fund (“the Fund”) has been established as an open-ended fund under Qatar Central Bank's ('QCB') license No. SA/21/2014 and registered under the Commercial registration number 65115 by Qatar National Bank S.A.Q (“QNB”), a Qatari Joint Stock Company established under the laws of the State of Qatar and having its principal office in Doha, Qatar, P.O Box 1000. The Fund commenced its operations on 11 June 2014.

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.

The initial share capital of the Fund is QAR 30 million divided into 3,000,000 Units. Each Unit shall have a nominal value of QAR 10, and the Units shall be fully paid upon issuance. The Founder has the right to increase or reduce the Fund capital in accordance to limits specified in the Articles of Association.

QNB Suisse SA, a company established under the laws of Switzerland (Company registration number CH-170.3.031.263-3) and having its registered office at Quai du Mont-Blanc 1, 1201 Genève, Switzerland, is the Fund Manager (hereinafter referred to as the “Fund Manager”).

Qatar National Bank, a Qatari Joint Stock Company established under the laws of Qatar and having its principal office in Doha, Qatar, P.O. Box 1000 (hereinafter referred to as “Investment Custodian”), is appointed as Investment Custodian of the Fund.

The Fund’s investment objective is to seek total return by investing in a combination of commodity-linked derivative instruments, single stock in commodities related companies, fixed income securities, mutual funds and exchange traded funds that are exposed to commodity, energy and natural resources index, strategies, bonds and single stocks.

### 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation

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

The interim condensed 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 months period ended 30 June 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

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

At 30 June 2022

**2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.2 Accounting policies and disclosures****New standards, interpretations and amendments**

<i>Description</i>	<i>Effective from</i>
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

These amendments had no impact on the interim condensed consolidated financial statements of the Fund.

**Standard issued but not yet effective**

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 Statements 2)	1 January 2023

**3 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

Cost and fair market value of the financial assets at fair value through profit or loss as follows:

	<i>30 June 2022 (Reviewed) QR</i>	<i>31 December 2021 (Audited) QR</i>
At 1 January	3,489,139	3,304,617
Additions during the period/year	24,811	-
Disposals during the period/year	(1,013,135)	(938,719)
Fair value changes during the period/year	<u>668,523</u>	<u>1,123,241</u>
	<u><b>3,169,338</b></u>	<u>3,489,139</u>

The investment securities have been revalued on the basis of the last trade price of the investments at the reporting date.

**4 BANK BALANCES**

For the purpose of interim statement of cash flows, bank balances comprise as follows:

	<i>30 June 2022 (Reviewed) QR</i>	<i>31 December 2021 (Audited) QR</i>	<i>30 June 2021 (Reviewed) QR</i>
Call deposits	<u>7,512</u>	<u>20,646</u>	<u>4,041</u>



## QNB Commodity Fund

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2022

#### 5 NET ASSETS ATTRIBUTABLE TO THE UNIT HOLDERS

	<i>30 June 2022 (Reviewed)</i>	<i>31 December 2021 (Audited)</i>
Number of units at 1 January	<b>431,408</b>	556,668
Number of units redeemed during the period/year	<b>(144,294)</b>	(125,260)
Number of units at the end of the period/year	<b>287,114</b>	431,408
Net asset value (“NAV”) of the Fund - (QR)	<b>3,161,350</b>	3,501,196
Offer price per unit - (QR)	<b>11.011</b>	8.116

The authorised number of units of the fund is 30 million of QR 10 per value each. The Fund’s net assets are represented by the redeemable units with a par value of QR 2,871,140 at 30 June 2022 (31 December 2021: QR 4,314,080).

#### 6 NET GAIN FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<i>Six months ended 30 June</i>	
	<i>2022 (Reviewed) QR</i>	<i>2021 (Reviewed) QR</i>
Realised gain (loss) on investment in securities	<b>580,819</b>	(85,310)
Unrealised gain on investment in securities	<b>668,523</b>	925,224
	<b>1,249,342</b>	839,914

#### 7 RELATED PARTY DISCLOSURES

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.

##### Related party transactions

Transactions with related parties included in the interim statement of comprehensive income are as follows:

	<i>Six months ended 30 June</i>	
	<i>2022 (Reviewed) QR</i>	<i>2021 (Reviewed) QR</i>
<i>QNB Banque Privee (Suisse)</i> Management fees	<b>7,543</b>	6,277
<i>Qatar National Bank</i> Custodian fees	<b>1,886</b>	1,569

##### Management fees

The management fee is calculated and payable to the Fund Manager monthly at an annual rate of 0.40% of the net asset value of the Fund calculated daily.

##### Custodian fees

The custodian fee is calculated and payable to the Fund Manager monthly at an annual rate of 0.10% of the net asset value of the Fund calculated daily.

# QNB Commodity Fund

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2022

### 7 RELATED PARTY DISCLOSURES (CONTINUED)

#### Related party balances

Due to related parties at the end of the reporting period arise in the normal course of business.

	<b>30 June 2022 (Reviewed) QR</b>	<b>31 December 2021 (Audited) QR</b>
<i>Due to related parties:</i>		
QNB Banque Privee (Suisse)	14,414	6,871
Qatar National Bank	<u>3,604</u>	<u>1,718</u>
	<u><b>18,018</b></u>	<u><b>8,589</b></u>

### 8 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.

<b>30 June 2022 (Reviewed)</b>		<b>Carrying amount QR (Reviewed)</b>	<b>Fair value QR (Reviewed)</b>
<b>Assets</b>			
Financial assets at fair value through profit or loss	FVTPL	3,169,338	3,169,338
Other receivables	Amortised cost	2,518	-
Bank balances	Amortised cost	<u>7,512</u>	<u>7,512</u>
		<u><b>3,179,368</b></u>	<u><b>3,176,850</b></u>
<b>Liabilities</b>			
Due to related parties	Amortised cost	<u>18,018</u>	<u>18,018</u>
		<u><b>18,018</b></u>	<u><b>18,018</b></u>
<b>31 December 2021 (Audited)</b>		<b>Carrying amount QR (Audited)</b>	<b>Fair value QR (Audited)</b>
<b>Assets</b>			
Financial assets at fair value through profit or loss	FVTPL	3,489,139	3,489,139
Bank balances	Amortised cost	<u>20,646</u>	<u>20,646</u>
		<u><b>3,509,785</b></u>	<u><b>3,509,785</b></u>
<b>Liabilities</b>			
Due to related parties	Amortised cost	8,589	8,589
Other liabilities	Amortised cost	<u>-</u>	<u>-</u>
		<u><b>8,589</b></u>	<u><b>8,589</b></u>

#### Legend:

“FVTPL”- Fair value through profit or loss

**8 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)****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.

	<i>30 June 2022 (Reviewed) QR</i>	<i>Level 1 QR</i>	<i>Level 2 QR</i>	<i>Level 3 QR</i>
Financial assets at fair value through profit or loss				
- Commodity securities	<u>3,169,338</u>	<u>3,169,338</u>	<u>-</u>	<u>-</u>
	<i>31 December 2021 (Audited) QR</i>	<i>Level 1 QR</i>	<i>Level 2 QR</i>	<i>Level 3 QR</i>
Financial assets at fair value through profit or loss				
- Commodity securities	<u>3,489,139</u>	<u>3,489,139</u>	<u>-</u>	<u>-</u>

During the period ended 30 June 2022, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements (31 December 2021: Nil).