

Al Watani Fund 2
Condensed Interim Financial Statements
31 March 2022

Al Watani Fund 2

Condensed interim financial statements As at and for the three-month period ended 31 March 2022

Contents	Page(s)
Independent auditor's report on review of condensed interim financial statements	1
Condensed interim financial statements	
Condensed statement of financial position	2
Condensed statement of profit or loss and other comprehensive income	3
Condensed statement of changes in net assets attributable to the unit holders	4
Condensed statement of cash flows	5
Notes to the condensed interim financial statements	6 – 10



KPMG
Zone 25 C Ring Road
Street 230, Building 246
PO Box 4473, Doha
State of Qatar
Telephone: +974 4457 6444
Fax: +974 4436 7411
Website: home.kpmg/qa

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 for the period ended 31 March 2022 of Al Watani Fund 2 (the 'Fund'), which comprise:

- the condensed statement of financial position as at 31 March 2022;
- the condensed statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2022;
- the condensed statement of changes in net assets attributable to the unit holders for the three-month period ended 31 March 2022;
- the condensed statement of cash flows for the three-month period ended 31 March 2022; 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 condensed 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 31 March 2022 are not prepared, in all material respects, in accordance with IAS 34.

27 April 2022
Doha
State of Qatar

Gopal Balasubramaniam
Audit Registration No. 251
KPMG

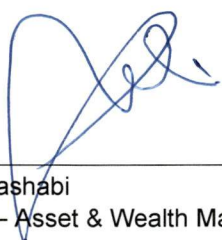
Al Watani Fund 2

Condensed statement of financial position As at 31 March 2022

In Qatari Riyals

	Note	31 March 2022 (Reviewed)	31 December 2021 (Audited)
Assets			
Investment securities	3	7,985,157	7,663,752
Bank balances	4	1,958,023	993,781
Other receivables		46	60
Total assets		9,943,226	8,657,593
Liabilities			
Due to related parties		212,784	132,442
Other liabilities		19,233	64,125
Total liabilities		232,017	196,567
Net assets attributable to the unit holders		9,711,209	8,461,026
Number of units in issue		385,349	389,157
Net asset value per unit		25.20	21.74

These condensed interim financial statements were authorized for issue and approved by the Fund Manager on 25 April 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 8 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 three-month period ended 31 March 2022

In Qatari Riyals

	Note	Three months to 31 March 2022 (Reviewed)	Three months to 31 March 2021 (Reviewed)
Income			
Income from investment securities	3	1,244,703	74,890
Dividend income		235,674	214,569
Interest income		1,834	1,405
		1,482,211	290,864
Expenses			
Management fees		34,484	30,877
Custodian fees		11,498	10,288
Performance fees		34,361	44,289
Brokerage fees		26,045	7,746
Professional fees		19,233	19,500
		125,621	112,700
Profit for the period		1,356,590	178,164
Other comprehensive income for the period		-	-
Change in net assets attributable to unit holders		1,356,590	178,164



The attached notes 1 to 8 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 three-month period ended 31 March 2021

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 unit holders	-	178,164
<i>Subscriptions and redemptions by unit holders:</i>		
Redemption of redeemable units during the period	(34,908)	(640,543)
Balance at 31 March 2021	<u>422,507</u>	<u>8,073,790</u>
Balance at 1 January 2022	389,157	8,461,026
Change in net assets attributable to unit holders	-	1,356,590
<i>Subscriptions and redemptions by unit holders:</i>		
Subscription of redeemable units during the period	16,192	352,000
Redemption of redeemable units during the period	(20,000)	(458,407)
Balance at 31 March 2022	<u>385,349</u>	<u>9,711,209</u>



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

Al Watani Fund 2

Condensed statement of cash flows
For the three-month period ended 31 March 2021

In Qatari Riyals

	Note	Three months to 31 March 2022 (Reviewed)	Three months to 31 March 2021 (Reviewed)
OPERATING ACTIVITIES			
Change in net assets attributable to unit holders		1,356,590	178,164
<i>Adjustments for:</i>			
Interest Income		(1,834)	(1,405)
Net gain from changes in fair value of investment securities classified as FVTPL	3	<u>(581,618)</u>	<u>(37,087)</u>
		773,138	139,672
<i>Changes in:</i>			
Investment securities		260,213	769,300
Other receivables		14	(1)
Due to related parties		(113,209)	-
Other liabilities		<u>148,659</u>	<u>(87,458)</u>
		1,068,815	821,513
Interest received		<u>1,834</u>	<u>1,404</u>
Net cash flows from operating activities		<u>1,070,649</u>	<u>822,917</u>
FINANCING ACTIVITIES			
Proceeds from issue of redeemable units		352,000	-
Payment for redemption of redeemable units		<u>(458,407)</u>	<u>(640,543)</u>
Net cash used in financing activities		<u>(106,407)</u>	<u>(640,543)</u>
Net movement in cash and cash equivalents		964,242	182,374
Cash and cash equivalents at 1 January		<u>993,781</u>	<u>331,564</u>
Cash and cash equivalents at 31 March	4	<u>1,958,023</u>	<u>513,938</u>

The attached notes 1 to 8 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 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 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 31 March 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

3. Investment securities

	31 March 2022 (Reviewed)	31 December 2021 (Audited)
Investment securities at FVTPL – quoted equity securities	<u>7,985,157</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 31 March 2022 (Reviewed)	Three months to 31 March 2021 (Audited)
Gain on sale of investment securities	663,085	37,803
Net gain from changes in fair value of investment securities classified as FVTPL	581,618	37,087
	<u>1,244,703</u>	<u>74,890</u>

4. Bank balances

	31 March 2022 (Reviewed)	31 December 2021 (Audited)
Bank balances	<u>1,958,023</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 31 March 2022 (Reviewed)	Three months to 31 March 2021 (Reviewed)
<i>QNB Banque Privee (Suisse)</i>		
Management fees	34,484	30,877
Performance fees	34,361	44,289
	68,845	75,166
<i>Qatar National Bank (Q.P.S.C.)</i>		
Custodian fees	11,498	10,288

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.

	31 March 2022 (Reviewed)	31 December 2021 (Audited)
<i>Due to related parties:</i>		
QNB Banque Privee (Suisse)	190,688	127,229
Qatar National Bank (Q.P.S.C.)	22,096	10,598
	212,784	137,827

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.

	31 March 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	7,985,157	7,663,752
<i>Financial assets measured at amortised cost</i>		
Cash and cash equivalents	1,958,023	993,781
Other receivables	46	60
	<u>9,943,226</u>	<u>8,657,593</u>
<i>Financial liabilities measured at amortised cost</i>		
Due to related parties	<u>212,784</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.

	31 March 2022 <i>(Reviewed)</i>	31 December 2021 <i>(Audited)</i>
Financial assets measured at fair value – Investment securities		
- Level 1	7,985,157	7,663,752
- Level 2	-	-
- Level 3	-	-
	<u>7,985,157</u>	<u>7,663,752</u>

During the period ended 31 March 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.

8. 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.