

AL WASEELA FUND – “Q” CLASS
CONDENSED INTERIM FINANCIAL STATEMENTS
15 October 2020

AL WASEELA FUND – “Q” CLASS

CONDENSED INTERIM FINANCIAL STATEMENTS

As at and for the period from 1 January 2020 to 15 October 2020

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INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE UNIT HOLDERS OF AL WASEELA FUND – "Q" CLASS

Introduction

We have reviewed the accompanying condensed interim financial statements of Al Waseela Fund – "Q" Class ("the Fund"), which comprise:

- the condensed statement of financial position as at 15 October 2020;
- the condensed statement of profit or loss and other comprehensive income for the period from 1 January 2020 to 15 October 2020 and 16 July 2020 to 15 October 2020;
- the condensed statement of changes in net assets attributable to the unit holders for the period from 1 January 2020 to 15 October 2020;
- the condensed statement of cash flows for the period from 1 January 2020 to 15 October 2020; and
- notes to the condensed interim financial statements.

The Founder of the Fund is responsible for the preparation and presentation of these condensed interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' and the applicable provisions of the Qatar Central Bank regulations. 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 statements 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 15 October 2020 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' and the applicable provisions of the Qatar Central Bank regulations.

12 November 2020
Doha
State of Qatar

Gopal Balasubramaniam
KPMG
Qatar Auditors Registry No. 251

AL WASEELA FUND – “Q” CLASS

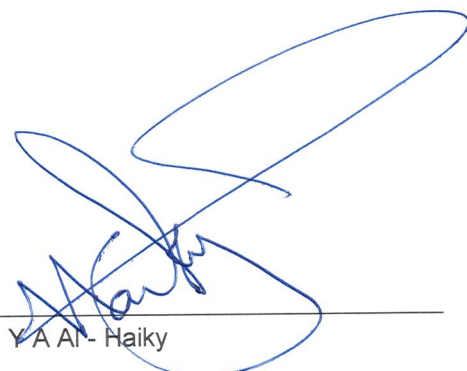
CONDENSED STATEMENT OF FINANCIAL POSITION
As at 15 October 2020

In Qatari Riyals

	Note	15 October 2020 <i>(Reviewed)</i>	31 December 2019 <i>(Audited)</i>
ASSETS			
Cash and cash equivalents	3	5,170,332	5,543,899
Investment securities at fair value through profit or loss	4	47,822,340	49,905,094
Other receivables		619	2
TOTAL ASSETS		52,993,291	55,448,995
LIABILITIES			
Other payables and accrued expenses	5	123,357	88,869
Outstanding cancellations		-	-
TOTAL LIABILITIES		123,357	88,869
NET ASSETS ATTRIBUTABLE TO THE UNIT HOLDERS		52,869,934	55,360,126
		Units	Units
NUMBER OF UNITS IN ISSUE		2,754,588	2,759,087
NET ASSET VALUE PER UNIT (QR)		19.1934	20.0647



Amit Sah
EGM
Head of Retail Banking
The Commercial Bank (P.S.Q.C.)



Hassan Ali Y A Al- Haiky
SVP
Head of Investment & Wealth Management
The Commercial Bank (P.S.Q.C.)



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

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period from 1 January 2020 to 15 October 2020 and 16 July 2020 to 15 October 2020

In Qatari Riyals

	Note	For the period		For the period	
		16 July 2020 to 15 October 2020 <i>(Reviewed)</i>	16 July 2019 to 15 October 2019 <i>(Reviewed)</i>	1 January 2020 to 15 October 2020 <i>(Reviewed)</i>	1 January 2019 to 15 October 2019 <i>(Reviewed)</i>
INCOME					
Dividend income		-	-	1,808,843	2,807,862
Gain / (loss) on sale of investment securities at fair value through profit or loss		-	100,438	(1,073,542)	(19,895)
Gain / (loss) from changes in fair value on investment securities at fair value through profit or loss		2,056,351	(1,824,624)	(2,160,233)	(1,441,371)
Other income		453	217	1,899	12,742
INCOME, NET		2,056,804	(1,723,969)	(1,423,033)	1,359,338
EXPENSES					
Performance fees	7	-	-	-	(6,639)
Management fees	7	(198,542)	(219,929)	(611,526)	(757,571)
Custodian fees	7	(19,855)	(21,993)	(61,153)	(75,757)
Administration fees	7	(21,840)	(21,840)	(69,043)	(69,160)
Brokerage commissions		(16,240)	(45,736)	(80,032)	(101,629)
Other operating expenses	6	(30,934)	(87,079)	(169,314)	(215,387)
TOTAL EXPENSES		(287,411)	(396,577)	(991,068)	(1,226,143)
INCOME FOR THE PERIOD		1,769,393	(2,120,546)	(2,414,101)	133,195
Other comprehensive income for the period		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,769,393	(2,120,546)	(2,414,101)	133,195



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

AL WASEELA FUND – “Q” CLASS**CONDENSED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO THE UNIT HOLDERS**

For the period from 1 January 2020 to 15 October 2020

In Qatari Riyals

	Number of units	<i>Net assets attributable to the units holders</i>
Balance at 1 January 2019 (audited)	<u>3,340,049</u>	<u>66,846,861</u>
Total comprehensive income for the period		133,195
<u>Contributions and redemptions by unit holders:</u>		
Issue of redeemable units during the period	1,307	26,212
Redemption of redeemable units during the period	<u>(582,702)</u>	<u>(10,962,764)</u>
Balance at 15 October 2019 (Reviewed)	<u>2,758,654</u>	<u>56,043,504</u>
Balance as at 1 January 2020 (Audited)	2,759,087	55,360,126
Total comprehensive loss for the period		(2,414,101)
<u>Contributions and redemptions by unit holders:</u>		
Issue of redeemable units during the period	1,404	26,213
Redemption of redeemable units during the period	<u>(5,903)</u>	<u>(102,304)</u>
Balance at 15 October 2020 (reviewed)	<u>2,754,588</u>	<u>52,869,934</u>

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

AL WASEELA FUND – “Q” CLASS

CONDENSED STATEMENT OF CASH FLOWS

As at and for the period from 1 January 2020 to 15 October 2020

In Qatari Riyals

	Note	For the period	
		1 January 2020 to 15 October 2020 (Reviewed)	1 January 2019 to 15 October 2019 (Reviewed)
OPERATING ACTIVITIES			
(Loss) / profit for the period		(2,414,101)	133,195
<i>Adjustments for:</i>			
Loss from changes in fair value on investment securities at fair value through profit or loss		2,160,233	1,441,371
Operating profit before changes in operating assets and liabilities		(253,868)	1,574,566
<i>Changes in:</i>			
Investment securities at fair value through profit or loss		(77,479)	9,407,973
Other receivables		(617)	(230)
Other payables and accrued expenses		34,488	(1,406,972)
Outstanding cancellations		-	-
Net cash (used in) / from operating activities		(297,476)	9,575,337
FINANCING ACTIVITIES			
Proceeds from issuance of redeemable units		26,213	26,212
Subscriptions pending allotment		-	3,000
Payment for redemption of redeemable units		(102,304)	(10,962,764)
Net cash used in financing activities		(76,091)	(10,933,552)
Net decrease in cash and cash equivalents		(373,567)	(1,358,215)
Cash and cash equivalents at 1 January		5,543,899	3,360,412
Cash and cash equivalents at the end of period	3	5,170,332	2,002,197

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2020 to 15 October 2020

1. LEGAL STATUS AND MAIN ACTIVITIES

Al Waseela Fund – “Q” Class (“the Fund”) was established on 14 November 2006, as an open ended fund and is registered in the Investment Funds Register at the Ministry of Economy and Commerce under registration certificate no. 34169 and is licensed by the Qatar Central Bank under license no. I.F/7/2006 in accordance with Law No. (25) of 2002 concerning Investment Funds, and its Implementation Regulations, promulgated by virtue of Ministerial Resolution No. (69) of 2004 of the Minister of Business and Trade.

The Fund was founded by The Commercial Bank (P.S.Q.C), (the “Founder”) with a commercial registration No. 150; QCB License No. BC/10/1975, licensed, supervised and regulated by Qatar Central Bank established under the laws of the State of Qatar and having its principal office at P.O. Box 3232 Doha, State of Qatar.

The Fund is managed by National Bank of Oman (“Fund Manager”) and the custodian of the Fund is HSBC Bank Middle East Limited (“Fund Custodian”), Qatar Branch with an office at P.O. Box 57 Doha, State of Qatar.

The condensed interim financial statements for the period from 1 January 2020 to 15 October 2020 were authorised for issue by the Founder on 12 November 2020.

Objective of the Fund and Nature of its Activity

The Fund invests primarily in shares and other securities issued by companies established or operating in Qatar. The benchmark for performance is the QE Index – Qatar Stock Exchange.

However, the Fund Manager has the flexibility to invest up to 40% of the portfolio in shares and other securities issued by companies operating or established in other GCC countries. The exposure to GCC markets will only be increased when the Fund Manager believes opportunities in those markets are greater than available opportunities in Qatar on a short to medium term basis. It is not expected that the weighting in other GCC markets will be significant on a long term basis as the Fund’s objective is to participate in the growth of Qatar’s economy and capital markets.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The condensed interim financial statements of the Fund for the period from 1 January 2020 to 15 October 2020 have been prepared in accordance with IAS 34 –“Interim Financial Reporting” and the applicable provisions of the Qatar Central Bank regulations and is presented in Qatari Riyals (“QR”), which is the functional and presentation currency of the Fund.

The condensed interim financial statements do not contain all statements and disclosures required in the annual financial statements and should be read in conjunction with the annual financial statements for the year ended 31 December 2019. In addition, results for the period from 1 January 2020 to 15 October 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

These condensed interim financial statements are prepared on a historical cost basis, except for investment securities classified as fair value through profit or loss which are carried at fair value.

The preparation of the condensed interim financial statements require the Founder to make judgments, estimates and assumptions that affects 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 the Founder 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 2019.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2020 to 15 October 2020

In Qatari Riyals

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Basis of preparation (continued)**

The financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended 31 December 2019.

Standards, amendments and interpretations issued***New IFRS Standards, amendments and interpretations issued and effective on or after 1 January 2020***

- Definition of Material – Amendments to IAS 1 and IAS 8 (Effective 1 January 2020)
- Definition of a Business – Amendments to IFRS 3 (Effective 1 January 2020)
- Amendments to References to Conceptual Framework in IFRS Standards (Effective 1 January 2020)

The adoption of these new IFRS Standards and amendments had no significant impact on the financial statements of the Fund.

IFRS Standards, amendments and interpretations issued but not yet effective

The new IFRS Standards, amendments to IFRS Standards and interpretations which have been issued but are not yet effective for the period ended 15 October 2020 and have not been applied in preparing these interim condensed financial statements were as follows:

- IFRS 17 – “Insurance Contracts” (Effective on 1 January 2023)
- Amendments to IFRS 10 – “Consolidated Financial Statements” and IAS 28 – “Investments in Associates and Joint Ventures” on sale or contribution of assets between an investor and its associate or joint venture (Effective date deferred indefinitely / available for optional adoption)

The Fund does not plan to early adopt these IFRS Standards.

3. CASH AND CASH EQUIVALENTS

	15 October 2020	31 December 2019
	<i>(Reviewed)</i>	<i>(Audited)</i>
Current account	<u>5,170,332</u>	<u>5,543,899</u>

4. INVESTMENT SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	15 October 2020	31 December 2019
	<i>(Reviewed)</i>	<i>(Audited)</i>
Listed equity securities – State of Qatar	43,956,928	45,826,549
Listed equity securities – Other GCC Countries	3,865,412	4,078,545
Listed equity securities – UK ¹	-	-
Investments at FVTPL	<u>47,822,340</u>	<u>49,905,094</u>
Net changes in fair value during the period / year ¹	<u>(2,160,233)</u>	<u>8,794,831</u>

- (1) During the period, the Fund invested QAR 1,143,061 in the shares of NMC Health PLC (the “Company”). Pursuant to the identification of financial irregularities in the Company’s financial statements and suspension of trading of the Company’s shares from 27 February 2020, followed by the delisting of the Company on 27 April 2020 from London Stock Exchange, the Fund has assessed the fair value of its investment in the shares of the Company as zero and the related loss has been recognised in the income statement.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2020 to 15 October 2020

In Qatari Riyals

5. OTHER PAYABLES AND ACCRUED EXPENSES

	15 October 2020 (Reviewed)	31 December 2019 (Audited)
Performance fees	6,639	6,639
Management fee	65,102	36,430
Custodian fees	6,510	3,643
Administration fees	7,280	3,757
Other accruals	37,826	38,400
	<u>123,357</u>	<u>88,869</u>

6. OTHER OPERATING EXPENSES

	For the period		For the period	
	16 July 2020 to 15 October 2020 (Reviewed)	16 July 2019 to 15 October 2019 (Reviewed)	1 January 2020 to 15 October 2020 (Reviewed)	1 January 2019 to 15 October 2019 (Reviewed)
Custody transaction fees	10,920	10,920	34,521	35,945
Investor transaction fees	1,971	2,190	5,256	6,570
Monthly investment plan service fee	2,184	2,184	6,904	6,916
Miscellaneous expenses	15,859	71,785	122,633	165,956
	<u>30,934</u>	<u>87,079</u>	<u>169,314</u>	<u>215,387</u>

7. 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.

Management fees

The Fund Manager receives a management fee based on the net asset value estimated based on traded values, payable quarterly in arrears using the annual rate of 1.5% which is shared equally with the Founder.

Custodian fees

The Fund Custodian charges a custodian fee based on cumulative net asset value of Al Waseela Funds in accordance with the rates included in the revised agreement between the Founders and the Fund Custodian.

The Fund Custodian, in addition to the custodian fees, is entitled to custody transaction fee of QR. 219 per investment sale or purchase and investor transaction fees of QR. 146 for each subscription and redemption into and from the Fund.

Administration fees

The Fund has engaged the services of the Fund Custodian to provide administrative services for a fee. The fees are charged on cumulative net asset value of Al Waseela Funds in accordance with the rates included in the revised agreement between the Founders and the Custodians.

Performance fees

The Fund Manager is entitled to a performance fees calculated at 20% of any incremental increases of net asset value over a 10% hurdle rate. This performance fee is shared equally with the Founder.

Investment plan service fees

The Fund pays the Fund Custodian an investment plan services fees of QR.728 per month.

Redemption fees

Redemption fees equal to 1% of the net asset value of the units being redeemed will be payable to the Fund by the relevant unit holders on the redemption proceeds of units redeemed. The redemption fee is shared equally between the Fund and the Founder. This amount will be charged at the time of redemption of units by the unit holders.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the period from 1 January 2020 to 15 October 2020

In Qatari Riyals

7. RELATED PARTIES TRANSACTIONS (CONTINUED)

	15 October 2020 (Reviewed)		31 December 2019 (Audited)	
Statement of financial position items				
Accrued performance fees	6,639		6,639	
Accrued management fees	65,102		36,430	
Accrued custodian fees	6,510		3,643	
Accrued administration fees	7,280		3,757	
Accrued investment plan service fees	728		376	
	86,259		50,845	
	For the period		For the period	
	16 July 2020 to 15 October 2020 (Reviewed)	16 July 2019 to 15 October 2019 (Reviewed)	January 2020 to 15 October 2020 (Reviewed)	1 January 2019 to 15 October 2019 (Reviewed)
Statement of comprehensive income items				
Performance fees	-	-	-	6,639
Management fees	198,542	219,929	611,526	757,571
Custodian fees	19,855	21,993	61,153	75,757
Administration fees	21,840	21,840	69,043	69,160
Investment plan service fees	2,184	2,184	6,904	6,916
	242,421	265,946	748,626	916,043

8. FAIR VALUE HIERARCHY

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Investment securities at fair value through profit or loss – held for trading are valued as per the Level 1 valuation method, except for the Fund’s investment on the shares of NMC Health PLC which have been valued at zero, using the level 3 fair value techniques. Reconciliation of level 3 investments is below:

	Amount in QAR
Opening	-
Purchases	1,143,061
Fair value adjustment	(1,143,061)
Closing	-