

QNB Commodity Fund

INTERIM CONDENSED FINANCIAL STATEMENTS

31 MARCH 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 31 March 2022, comprising of the interim statement of financial position as at 31 March 2022 and the related interim statements of comprehensive income, changes in net assets attributable to the unit holders and the interim statement of cash flows for the three-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: 29 May 2022
Doha



QNB Commodity Fund

INTERIM STATEMENT OF FINANCIAL POSITION

At 31 March 2022

| | <i>Notes</i> | 31 March 2022 (Reviewed) QR | 31 December 2021 (Audited) QR |
|--|--------------|--|--|
| Assets | | | |
| Financial assets at fair value through profit or loss | 3 | 4,618,878 | 3,489,139 |
| Bank balances | 4 | <u>4,414</u> | <u>20,646</u> |
| TOTAL ASSETS | | <u>4,623,292</u> | <u>3,509,785</u> |
| LIABILITIES | | | |
| Due to related parties | 8 | 13,656 | 8,589 |
| Other liabilities | 5 | <u>-</u> | <u>-</u> |
| TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS | | <u>13,656</u> | <u>8,589</u> |
| NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS | 6 | <u>4,609,636</u> | <u>3,501,196</u> |
| | | <u>4,623,292</u> | <u>3,509,785</u> |

The interim condensed financial statements were authorised for issue and approved by the Fund Manager on 24 May 2022 and signed on their behalf by:

Adel Abdulaziz Khashabi
General Manager – Asset and wealth management



The attached notes 1 to 9 form part of these interim condensed financial statements.

QNB Commodity Fund

INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the three-month period ended 31 March 2022

| | <i>Notes</i> | <i>Three months ended 31 March</i> | |
|---|--------------|---|---|
| | | 2022 (Reviewed) QR | 2021 (Reviewed) QR |
| Income | | | |
| Interest income | | - | 28 |
| Net gain from financial assets at fair value through profit or loss | 7 | 1,129,739 | 388,538 |
| | | 1,129,739 | 388,566 |
| Expenses | | | |
| Management fees | 8 | (4,055) | (3,053) |
| Custodian fees | 8 | (1,014) | (763) |
| Brokerage fees | | - | (36) |
| Legal and professional fees | | - | - |
| | | (5,069) | (3,852) |
| PROFIT FOR THE PERIOD | | 1,124,670 | 384,714 |
| Other comprehensive income for the period | | - | - |
| INCREASE IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS | | 1,124,670 | 384,714 |

The attached notes 1 to 9 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 three-month period ended 31 March 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 | (90,727) | (539,079) |
| Increase in net assets attributable to unit holders | <u>-</u> | <u>384,714</u> |
| Net assets attributable to the unit holders at 31 March 2021 (Reviewed) | <u>465,941</u> | <u>3,116,802</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 | (2,000) | (16,230) |
| Increase in net assets attributable to unit holders | <u>-</u> | <u>1,124,670</u> |
| Net assets attributable to the unit holders at 31 March 2022 (Reviewed) | <u>429,408</u> | <u>4,609,636</u> |

ERNST & YOUNG
Doha - Qatar

29 MAY 2022

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Purposes Only

The attached notes 1 to 9 form part of these interim condensed financial statements.

QNB Commodity Fund

INTERIM STATEMENT OF CASH FLOWS

For the three-month period ended 31 March 2022

| | Notes | <i>Three months ended 31 March</i> | |
|--|-------|---|---|
| | | 2022 <i>(Reviewed)</i> QR | 2021 <i>(Reviewed)</i> QR |
| Operating activities | | | |
| Profit for the period | | 1,124,670 | 384,714 |
| <i>Adjustment for:</i> | | | |
| Realised loss on disposal of financial assets | 7 | - | 82,059 |
| Unrealised gain on revaluation of financial assets | 7 | (1,129,739) | (470,597) |
| Operating cash flows before changes in working capital | | (5,069) | (3,824) |
| <i>Working capital changes:</i> | | | |
| Financial assets at fair value through profit or loss | | - | 589,978 |
| Other receivables | | - | - |
| Due to related parties | | 5,067 | (105) |
| Other liabilities | | - | (57,500) |
| Net cash flows (used in)/ from operating activities | | (2) | 528,549 |
| Financing activity | | | |
| Payments towards units redeemed | | (16,230) | (539,079) |
| Cash flows used in financing activity | | (16,230) | (539,079) |
| Net decrease in bank balances | | (16,232) | (10,530) |
| Bank balances at 1 January | | 20,646 | 27,971 |
| Bank balances at 31 March | 4 | 4,414 | 17,441 |

The attached notes 1 to 9 form part of these interim condensed financial statements.



QNB Commodity Fund

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 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 three months period ended 31 March 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.

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>31 March 2022 (Reviewed) QR</i> | <i>31 December 2021 (Audited) QR</i> |
|---|--|--|
| At 1 January | 3,489,139 | 3,304,617 |
| Disposals during the period/year | - | (938,719) |
| Fair value changes during the period/year | <u>1,129,739</u> | <u>1,123,241</u> |
| | <u>4,618,878</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, cash and cash equivalents comprise as follows:

| | <i>31 March 2022 (Reviewed) QR</i> | <i>31 December 2021 (Audited) QR</i> | <i>31 March 2021 (Reviewed) QR</i> |
|---------------|--|--|--|
| Call deposits | <u>4,414</u> | <u>20,646</u> | <u>17,441</u> |

5 OTHER LIABILITIES

| | <i>31 March 2022 (Reviewed) QR</i> | <i>31 December 2021 (Audited) QR</i> |
|-----------------------------|--|--|
| Legal and professional fees | <u>-</u> | <u>-</u> |

QNB Commodity Fund

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2022

6 NET ASSETS ATTRIBUTABLE TO THE UNIT HOLDERS

| | <i>31 March 2022 (Reviewed)</i> | <i>31 December 2021 (Audited)</i> |
|---|---|---|
| Number of units at 1 January | 431,408 | 556,668 |
| Number of units redeemed during the period/year | (2,000) | (125,260) |
| Number of units at the end of the period/year | 429,408 | 431,408 |
| Net asset value (“NAV”) of the Fund - (QR) | 4,609,636 | 3,501,196 |
| Offer price per unit - (QR) | 10.735 | 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 4,314,080 at 31 March 2022 (31 December 2021: QR 5,566,680).

7 NET GAIN/(LOSS) FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | <i>Three months ended 31 March</i> | |
|---|------------------------------------|-----------------------------------|
| | <i>2022 (Reviewed) QR</i> | <i>2021 (Reviewed) QR</i> |
| Realised loss on investment in securities | - | (82,059) |
| Unrealised gain on investment in securities | 1,129,739 | 470,597 |
| | 1,129,739 | 388,538 |

8 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>Three months ended 31 March</i> | |
|--|------------------------------------|-----------------------------------|
| | <i>2022 (Reviewed) QR</i> | <i>2021 (Reviewed) QR</i> |
| <i>QNB Banque Privee (Suisse)</i> Management fees | 4,055 | 3,053 |
| <i>Qatar National Bank</i> Custodian fees | 1,014 | 763 |

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 31 March 2022

8 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.

| | <i>31 March 2022 (Reviewed) QR</i> | <i>31 December 2021 (Audited) QR</i> |
|--------------------------------|--|--|
| <i>Due to related parties:</i> | | |
| QNB Banque Privee (Suisse) | 10,925 | 6,871 |
| Qatar National Bank | <u>2,731</u> | <u>1,718</u> |
| | <u>13,656</u> | <u>8,589</u> |

9 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.

| <i>31 March 2022 (Reviewed)</i> | | <i>Carrying amount QR (Reviewed)</i> | <i>Fair value QR (Reviewed)</i> |
|---|----------------|--|---|
| Assets | | | |
| Financial assets at fair value through profit or loss | FVTPL | 4,618,878 | 4,618,878 |
| Bank balances | Amortised cost | <u>4,414</u> | <u>4,414</u> |
| | | <u>4,623,292</u> | <u>4,623,292</u> |
| Liabilities | | | |
| Due to related parties | Amortised cost | 13,656 | 13,656 |
| Other liabilities | Amortised cost | <u>-</u> | <u>-</u> |
| | | <u>13,656</u> | <u>13,656</u> |
| <i>31 December 2021 (Audited)</i> | | <i>Carrying amount QR (Audited)</i> | <i>Fair value QR (Audited)</i> |
| Assets | | | |
| 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>3,509,785</u> | <u>3,509,785</u> |
| Liabilities | | | |
| Due to related parties | Amortised cost | 8,589 | 8,589 |
| Other liabilities | Amortised cost | <u>-</u> | <u>-</u> |
| | | <u>8,589</u> | <u>8,589</u> |

Legend:

“FVTPL”- Fair Value through Profit or Loss

9 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTUNUED)**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>31 March 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>4,618,878</u> | <u>4,618,878</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 31 March 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).