QNB Debt Fund

Financial Statements

31 December 2023

QNB Debt Fund

Financial Statements
As at and for the year ended 31 December 2023

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

Independent auditor's report

To the Unit Holders of QNB Debt Fund

Opinion

We have audited the financial statements of QNB Debt Fund (the 'Fund'), which comprise the statement of financial position as at 31 December 2023, the statements of profit or loss and other comprehensive income, changes in net assets attributable to unit holders and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the Fund's financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The financial statements as at and for the year ended 31 December 2022 were audited, by another auditor, whose audit report dated 7 February 2023, expressed an unmodified audit opinion thereon.

Responsibilities of the Fund Manager for the Financial Statements

The Fund Manager is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as the Fund Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Fund Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Fund Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

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Independent auditor's report (continued)

Unit Holders of QNB Debt Fund

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

– Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund Manager.

– Conclude on the appropriateness of the Fund Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

– Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Fund Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit

Independent auditor's report (continued)

Unit Holders of QNB Debt Fund

Report on Other Legal Requirements

As required by the Qatar Commercial Companies Law No. 11 of 2015, whose certain provisions were subsequently amended by Law No. 8 of 2021 ("amended QCCL"), we also report that:

i) We have obtained all the information and explanations we considered necessary for the purposes of our audit.

ii) The Fund has maintained proper accounting records and its financial statements are in agreement therewith.

iii) We are not aware of any violations of the applicable provisions of the amended QCCL or the terms of the Fund's Articles of Association having occurred during the year which might have had a material effect on the Fund's financial position or performance as at and for the year ended 31 December 2023.

27 February 2024
Doha
State of Qatar

Yacoub Hobeika
KPMG
Qatar Auditor's Registry Number 289
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Auditor's License No. 120153

QNB Debt Fund

Statement of financial position
As at 31 December 2023 — In Qatari Riyals

	Note	2023	2022
Assets			
Investment securities	6	36,531,337	32,658,941
Bank balances	7	210,574	2,980,430
Interest and other receivables	8	511,929	466,302
Total assets		**37,253,840**	36,105,673
Liabilities			
Due to related parties	10	23,674	22,805
Other liabilities	11	88,705	304,226
Total Liabilities		**112,379**	327,031
Net assets attributable to the unit holders		**37,141,461**	35,778,642
		Units	Units
Number of units in issue		**2,812,934**	2,843,910
Net asset value per unit		**13.20**	12.58

These financial statements were authorized for issue and approved by the Fund Manager on 27 February 2024 and signed on their behalf by :

Adel Abdulaziz Khashabi
Senior Vice President
Group Asset and Wealth Management

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The attached notes 1 to 13 form an integral part of these financial statements.

Statement of profit or loss and other comprehensive income
For the year ended 31 December 2023

In Qatari Riyals

	Note	2023	2022
Income			
Net loss from investment securities	9	(652,314)	(2,819,544)
Net foreign exchange gain/ (loss)		1,085,361	(3,147)
Interest income		1,753,925	1,765,003
Total income / (loss)		**2,186,972**	(1,057,688)
Expenses			
Management fees	10	271,582	273,915
Custodian fees		76,440	76,440
Investor service fees		12,704	13,796
Administration fees		76,440	76,440
Professional fees		(23,000)	139,000
Other expenses		14,230	13,240
Total expenses		**428,396**	592,831
Profit / (loss) for the year		**1,758,576**	(1,650,519)
Other comprehensive income for the year		-	-
Change in net assets attributable to unit holders		**1,758,576**	(1,650,519)

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Statement of changes in net assets attributable to the unit holders
For the year ended 31 December 2023 — In Qatari Riyals

	Number of units	Net assets attributable to the units holders
Balance at 1 January 2022	2,931,916	38,550,623
Change in net assets attributable to unit holders	-	(1,650,519)
Contributions and redemptions by unit holders:		
Redemption of redeemable units during the year	(88,006)	(1,121,462)
Balance as at 31 December 2022	2,843,910	35,778,642
Balance at 1 January 2023	2,843,910	35,778,642
Change in net assets attributable to unit holders	-	1,758,576
Contributions and redemptions by unit holders:		
Subscription of redeemable units during the year	4,310	55,000
Redemption of redeemable units during the year	(35,286)	(450,757)
Balance as at 31 December 2023	**2,812,934**	**37,141,461**

The attached notes 1 to 13 form an integral part of these financial statements.

QNB Debt Fund

Statement of cash flows
For the year ended 31 December 2023 In Qatari Riyals

	Note	2023	2022
OPERATING ACTIVITIES			
Change in net assets attributable to unit holders		1,758,576	(1,650,519)
Adjustments for:			
Loss from sale of financial assets at fair value through profit or loss	9	1,216,830	404,612
Interest income		(1,753,925)	(1,765,003)
Net foreign exchange (gain) / loss		(1,085,361)	3,147
Unrealised (gain) / loss on revaluation of financial assets at fair value through profit or loss	9	(564,516)	2,414,932
Operating loss before changes in operating assets and liabilities		(428,396)	(592,831)
Changes in:			
Net proceed (used for) / from investment securities		(3,307,880)	1,819,550
Interest and other receivables		(45,627)	(36,913)
Due to related parties		869	(1,767)
Other liabilities		(215,521)	151,358
Net cash flows (used in) / from operating activities		**(3,996,555)**	1,339,397
Interest received		1,622,456	1,765,003
Net cash (used in) / from operating activities		**(2,374,099)**	3,104,400
FINANCING ACTIVITIES			
Proceeds from subscription of redeemable units		55,000	-
Payments for redemption of redeemable units		(450,757)	(1,121,462)
Net cash used in financing activities		**(395,757)**	(1,121,462)
Net (decrease) / increase in cash and cash equivalents		(2,769,856)	1,982,938
Cash and cash equivalents at 1 January		2,980,430	997,492
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	7	**210,574**	2,980,430

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The attached notes 1 to 13 form an integral part of these financial statements.

1. Corporate Information

QNB Debt Fund (the “Fund”) is an open-ended fund incorporated 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. S.A/20/2012 and registered with the Ministry of Commerce and Industry (the ‘Ministry’) with a registration No. 58029. The Fund commenced its operations on 1 February 2013.

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 unit nominal value is QR 10 with the Fund's capital ranging from QR 20,000 as a minimum limit to QR 5,000,000,000 as a maximum limit.

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”) The Fund is managed by QNB Banque Privée (Suisse), a Company established under the laws of Switzerland (Company Registration Number CH-170-3-031-263-3) and having its registered office in Geneva, Switzerland.

HSBC Bank Middle East Limited, Qatar Branch (“HBME”) has been appointed as the custodian and administrator of the Fund.

The principal activities of the Fund is to provide its investors with competitive investment returns by investing in fixed income instruments issued by governments, central banks and reputable companies located either in Qatar or other member countries of the Gulf Cooperation Council.

2. Basis of preparation

a) Statement of compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”).

b) Basis of measurement

These financial statements have been prepared under the historical cost convention, except for investment securities that are measured at fair value at the end of each reporting period.

c) Functional and presentation currency

These financial statements are presented in Qatari Riyals ("QR") which is the Fund’s functional currency. All financial information presented has been rounded to the nearest QR.

d) Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Fund’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about significant areas that involve a higher degree of judgment or complexity, or areas where assumptions or estimates have a significant risk of resulting in a material adjustment to the amounts recognised in the financial statements are as follows:

Going concern

Management has made an assessment of the Fund’s ability to continue as a going concern and is satisfied that the Fund has the resources to continue in business for the foreseeable future. The management is not aware of any material uncertainties that may cast significant doubt upon the Fund’s ability to continue as a going concern. Therefore, the financial statements have been prepared on a going concern basis.

2. Basis of preparation (continued)

d) Use of estimates and judgements (continued)

Impairment of financial assets

The Fund follows expected credit loss (ECL) impairment model under IFRS 9 "Financial Instruments" which requires forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. It also requires management to assign probability of default to various categories of receivable and financial assets. Probability of default constitutes a key input in measuring an ECL and entails considerable judgement; it is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Other provisions and liabilities

Other provisions and liabilities are recognized in the period only to the extent management considers it probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgment to existing facts and circumstances, which can be subject to change. Since the actual cash outflows can take place in subsequent years, the carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances. A change in estimate of a recognized provision or liability would result in a charge or credit to profit or loss in the period in which the change occurs.

e) New standards, amendments and interpretations effective from 1 January 2023

During the current year, the below new and amended International Financial Reporting Standards ("IFRS" or "standards") and interpretation to standards became effective for the first time for financial years beginning on 1 January 2023:

New Accounting Standards or Amendments	Effective date
IFRS 17 Insurance Contracts	1 January 2023
Disclosure of Accounting Policies(Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023
Definition of Accounting Estimates (Amendments to IAS 8)	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a single transaction (Amendments to IAS 8)	1 January 2023
International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12)	23 May 2023

The adoption of the above new and amended standards and the interpretation to a standard had no significant impact on the Fund’s financial statements.

f) New and amended standards and an interpretation to a standard not yet effective, but available for early adoption

The below new and amended IFRS or standards and interpretations to standards are not effective until a later period, and they have not been applied in preparing these financial statements.

Standards/ Amendments to standards	Effective date
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	1 January 2024
Non-current Liabilities with Covenants (Amendments to IAS 1)	1 January 2024
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	1 January 2024
Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	1 January 2024
Lack of Exchangeability (Amendments to IAS 21)	1 January 2025

3. Summary of material accounting policies

a) Revenue recognition

The Fund has consistently applied the following accounting policies regarding revenue recognition to all periods presented in these financial statements:

Interest income
Interest income presented in the statement of profit or loss and other comprehensive income comprise of interest on financial assets measured at amortised cost calculated on an effective interest basis.

The 'effective interest rate' is calculated on initial recognition of a financial instrument as the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument.

Dividend income
Dividend income is recognised when the right to receive income is established.

Income from investment securities
Gains or losses on the sale of investment securities are recognized in profit or loss as the difference between fair value of the consideration received and carrying amount of the investment securities

b) Financial instruments

Initial recognition and measurement

Investments are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Fund becomes a party to the contractual provisions of the instrument. A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition

Classification and subsequent measurement of financial assets

On initial recognition, a financial asset is classified at:

- amortised cost – if it meets both of the following conditions and is not designated as at FVTPL:
  - it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
  - its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

- Fair Value Through Other Comprehensive Income (FVOCI) – if it meets both of the following conditions and is not designated as at FVTPL:
  - it is held within a business model whose objective achieved by both collecting contractual cash flows and selling financial assets; and
  - its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by investment basis

Fair Value Through Profit or Loss (FVTPL) – All financial assets not classified as measured at amortised cost or FVOCI as described above. Investments in equity instruments are classified as at FVTPL, unless the Fund designates an equity instrument that is neither held for trading nor a contingent consideration arising from a business combination as at FVOCI on initial recognition. On initial recognition, the Fund may irrevocably designate a financial asset as FVTPL that otherwise meets the requirements to be measured at amortised cost or at FVOCI, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise

Financial assets are not reclassified subsequent to their initial recognition unless the Fund changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

3. Summary of material accounting policies (continued)

b) Financial instruments (continued)

Financial assets – Business model assessment

The Fund makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual cash flows or realising cash flows through the sale of assets;

- how the performance of the portfolio is evaluated and reported to the Fund's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Fund's continuing recognition of the assets

Financial assets – Assessment whether contractual cash flows are Solely Payments of Principle and Interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principle and interest, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Fund considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principle and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

3. Summary of material accounting policies (continued)

b) Financial instruments (continued)

Financial assets – Subsequent measurement and gains and losses

- Financial assets at Fair Value Through Profit or Loss (FVTPL) - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

- Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

- Debt instruments at Fair Value Through Other Comprehensive Income (FVOCI) - These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. The Fund does not hold such assets.

- Equity investments at Fair Value Through Other Comprehensive Income (FVOCI) - These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never derecognised to profit or loss.

Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

Derecognition

Financial assets
The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Fund neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset

Financial liabilities
The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Fund also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Fund currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3. Summary of material accounting policies (continued)

b) Financial instruments (continued)

Impairment

Non-derivative financial assets

The Fund recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost. The Fund does not hold debt investments measured at amortised cost.

The Fund measures loss allowance either at an amount equal to:

- lifetime ECLs, which are those ECLs that result from all possible default events over the expected life of a financial instruments; or
- 12-month ECLs, which includes the portion of ECLs that results from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Fund is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Fund expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets
At each reporting date, the Fund assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial asset is “credit impaired” when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off
The gross carrying amount of a financial asset is written off when the Fund has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Fund individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Fund expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Fund’s procedures for recovery of amounts due.

c) Fees and commissions

Fee and commission expenses are recognised in profit or loss as the related services are performed.

d) Cash and cash equivalents
For the purpose of the statement of cash flows, cash and cash equivalents consist of bank balances with an original maturity of not exceeding 90 days.

e) Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Fund changes its business model for managing financial assets. The reclassification takes place from the start of the first reporting period following the change.

3. Summary of material accounting policies (continued)

f) Foreign currency translation

The Fund maintains its financial records and prepares its financial statements in QR.

Transactions and balances
Transactions in foreign currencies are initially recorded in the functional currency rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the end of the reporting period. All differences are taken to the profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

g) Other receivables

Other receivables are stated at original invoice amount less allowances for any uncollectible amounts. An estimate for doubtful receivables is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

h) Other payables and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

4. Financial risk management

Objectives and policies
The Fund's financial liabilities comprise of due to related parties and other liabilities. The Fund's financial assets comprise of investment securities, bank balances and other receivables, which arise directly from its operations.

The main risks arising from the Fund's financial instruments are market risk, credit risk and liquidity risk. The management reviews and agrees policies for managing each of these risks which are summarised below:

Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk
Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Fund's functional currency. The Fund is not exposed to foreign exchange risk arising as it primarily transacts in QR, which is the Fund's functional currency.

Interest rate risk
Interest rate risk arises when the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund is not exposed to interest rate risk since the Fund has no floating rate interest-bearing financial instruments.

Equity price risk
Equity price risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in market prices where those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The table below shows the sensitivity of the comprehensive income for an assumed increase in fair value. An equivalent decrease would have resulted in an equivalent but opposite impact.

4. Financial risk management (continued)

Market risk (continued)

Equity price risk (continued)

Indices	**Change in equity price 2023 %**	**Effect on profit or loss and other comprehensive income 2023 QR**	Change in equity price 2022 %	Effect on profit or loss and other comprehensive income 2022 QR
Investment securities at FVTPL	**5**	**1,826,567**	5	1,632,947

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Fund's exposure to credit risk is as indicated by the carrying amount of its assets which consist of other receivables and bank balances. The Fund seeks to limit its credit risk with respect to banks by dealing with reputable banks.

The following table shows the maximum exposure to credit risk by class of financial assets at the end of the reporting period date. Where financial instruments are recorded at fair value, the amounts shown represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

	2023	2022
Bank balances	210,574	2,980,430
Other receivables	511,929	466,302
	722,503	3,446,732

The Fund limits its exposure to credit risk on bank balances by maintaining balances with reputable and credit worthy banks having high credit ratings. The Fund's bank balances are held with a bank that is independently rated A (2022: A) by credit rating agency (Fitch Ratings). As a result, management believes that credit risk in respect of these balances is minimal, hence ECL is expected to be insignificant

Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet obligations as they fall due. The Fund's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's operations.

The table below summarises the maturity profile of the Fund's financial liabilities at the reporting period on contractual undiscounted payments.

	Within one year	**Total**
At 31 December 2023		
Due to related parties	23,674	23,674
Other liabilities	88,705	88,705
	112,379	**112,379**
At 31 December 2022		
Due to related parties	22,805	22,805
Other liabilities	304,226	304,226
	327,031	327,031

5. Fair values of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

a. In the principal market for the asset or liability, or
b. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Fund.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The fair value of investment securities that are actively traded in organised financial markets is determined by reference to quoted market bid prices for assets at the close of business on the reporting date.

For financial instruments where there is no active market, the fair value is determined by using discounted cash flow analysis or reference to broker or dealer price quotations. For discounted cash flow analysis, estimated future cash flows are based on management's best estimates and the discount rate used is a market related rate for a similar instrument.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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 financial statements.

		2023	
	Financial instrument classification	**Carrying value**	**Fair value**
Financial assets			
Investment securities	FVTPL	36,531,337	36,531,337
Bank balances	AC	210,574	210,574
Interest and other receivables	AC	511,929	511,929
		37,253,840	**37,253,840**
Financial liabilities			
Due to related parties	AC	23,674	23,674
Other liabilities	AC	88,705	88,705
		112,379	**112,379**

5. Fair values of financial instruments (continued)

	Financial instrument classification	2022 Carrying value	2022 Fair value
Financial assets			
Investment securities	FVTPL	32,658,941	32,658,941
Bank balances	AC	2,980,430	2,980,430
Interest and other receivables	AC	466,302	466,302
		36,105,673	36,105,673
Financial liabilities			
Due to related parties	AC	22,805	22,805
Other liabilities	AC	304,226	304,226
		327,031	327,031

Legend:
"FVTPL" – Fair value through profit or loss
"AC" – Amortised Cost

Fair value hierarchy

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy.

As at 31 December 2023	**Total**	**Level 1**	**Level 2**	**Level 3**
Asset measured at fair value	**36,531,337**	**36,531,337**		
Investment securities at fair value through profit or loss			-	-
As at 31 December 2022	Total	Level 1	Level 2	Level 3
Asset measured at fair value				
Investment securities at fair value through profit or loss	32,658,941	32,658,941	-	-

During the year ended 31 December 2023 and 2022, there were no transfers between Level 1 and Level 2 and no transfers into and out of Level 3.

6. Investment securities

	Notes	**2023**	2022
Investment securities at FVTPL	6.1	**36,531,337**	32,658,941

6.1 Movement during the year is as follows

	2023	2022
Balance as at 1 January	32,658,941	37,301,182
Additions	7,075,826	3,850,244
Disposals	(3,767,946)	(6,077,553)
Fair value changes	564,516	(2,414,932)
Balance as at 31 December	**36,531,337**	32,658,941

7. Bank balances

	2023	2022
Bank balances	**210,574**	2,980,430

The bank balances are held in a savings account carrying an average interest rate of 0.5% (2022: 0.5%). The bank balances are held with QNB and HSBC Bank which are rated as A (2022: A) and A+ (2022: A+) respectively, based on Fitch ratings.

8. Interest and other receivables

	2023	2022
Interest receivable	492,273	419,893
Other receivable	19,656	46,409
	511,929	466,302

9. Net loss from investment securities

	2023	2022
Loss from sale of financial assets at fair value through profit or loss	(1,216,830)	(404,612)
Unrealised gain / (loss) on revaluation of financial assets at fair value through profit or loss	564,516	(2,414,932)
	(652,314)	(2,819,544)

10. 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:

	2023	2022
QNB Banque Privee (Suisse)		
Management fees	271,582	273,915
	271,582	273,915

Management fees
The management fee is calculated and payable to the Fund Manager on a monthly basis at an annual rate of 0.75% of the net asset value of the fund.

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

	2023	2022
Due to related parties:		
QNB Banque Privee (Suisse)	23,674	22,805
	23,674	22,805

11. Other liabilities

	2023	2022
Professional fee payable	75,000	278,000
Administration fee payable	6,370	6,370
Custodian fee payable	6,370	6,370
Miscellaneous charges	965	12,376
Investor service fee payable	-	1,037
Other payables	-	73
	88,705	304,226

12. Subsequent events

There were no significant events after the reporting date, which have a bearing on the understanding of these financial statements.

13. Comparative figures

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year.