



Qatar Exchange Traded Fund
Vision. Value. Growth.

QE Index ETF (QETF)

February 28, 2018



www.qetf.com.qa

* Terms & Conditions Apply

What is an Exchange Traded Fund or ETF?

- An ETF is an open-ended investment vehicle customized to track an index, as it seeks to replicate the investment outcomes of such index.
- An ETF consists of investment units of shares, whereby these units are tradable in the same way as ordinary stocks.
- An ETF represents a mixture of the characteristics of stocks and investment funds.
- ETFs gives the holder the benefits of diversification, liquidity and cost efficiency.

ETFs as compared to Investment Funds and Stocks

Characteristics	ETFs	Mutual Funds	Stocks
Diversity	✓	✓	✗
Liquidity	✓	✗	✓
Transparency	✓	✗	✓
Flexibility	✓	✗	✓
Low cost	✓	✗	✓
Traceability Index	✓	✓	✗

Qatar's first listed ETF: QETF Type of Fund

- It is an open-end Investment Fund regulated by Qatar Financial Markets Authority and Qatar Central Bank and listed on the Qatar Stock Exchange.

Investment Strategy

- The ETF seeks to replicate the performance of the Qatar Stock Exchange Price Index, by investing in the underlying constituents based on their individual weightings as set by Qatar Stock Exchange and rebalanced every six months.

Dividends Distribution Policy

- The ETF will distribute dividends annually, gained from its underlying holdings, net of fees.

Listing Date

- March 5, 2018

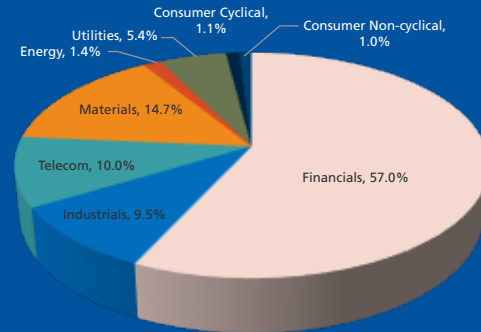
An investment made by local partners for the Qatari market

- **Doha Bank as Founder** has partnered with:
 - **Amwal as the Fund Manager:** established in 1998, they are Qatar's first and only independent asset management firm regulated by the QFCRA, QFMA and QCB. Amwal offers asset management services in public and private equities, fixed income and real estate. They have won numerous awards as best asset manager in Qatar and MENA through the years.
 - **The Group as the Liquidity Provider and Authorized Participant:** is a brokerage firm, licensed by the QFMA to provide brokerage services and act as a liquidity provider as well as offer margin trading services for the local exchange trading activity. The Group was the first company to operate in the financial brokerage market in Qatar; with several offices throughout Qatar. The Group has the largest market share in the Qatari Market.
 - **Standard Chartered Bank (Qatar branch) as the Custodian:** established in 1853, through internal and external growth, it became an international banking group operating in Asia, Africa and Middle East, offering products and services in the personal, consumer, corporate, institutional and treasury area; also, oldest bank in Qatar.

Qatar Exchange Index Overview

- The QE Index is a weighted index of the 20 most highly capitalized and liquid companies traded on the Qatar Exchange.
- Financials, Materials/ Industrials and Telecom together make up more than 91% of the Index.
- The maximum weight of a constituent in the index cannot exceed 15% on the rebalancing dates of 1st April and 1st October of every year.

Index weight by sector*: QR 236BN



Index Constituent*

Stock	Current Weight (%)*
Industries of Qatar	14.72%
Qatar National Bank	14.08%
Masraf Al Rayan	11.90%
Qatar Islamic Bank	8.96%
Ooredoo	6.46%
Barwa Real Estate	6.30%
Qatar Electricity & Water	5.41%
Commercial Bank	4.47%
Qatar Gas Transport	4.44%
Doha Bank	3.79%
Qatar Int'l Islamic Bank	3.58%
Vodafone	3.53%
Qatar Navigation	3.14%
United Development Company	2.80%
Qatar Investors Group	1.88%
Gulf International Services	1.41%
Al Meera	1.06%
Medicare Group	0.99%
Qatar First Bank	0.64%
Mazaya Qatar	0.43%

Source:

*As on February 28, 2018; Bloomberg and Qatar Stock Exchange

QE Price Index Methodology

- Review of Composition:
- Semi-annual:**
 - First trading day of April, and
 - First trading day of October
- Review Period:**
 - The 12 months observation ending last trading day in February for April review
 - The 12 months observation ending last trading day in August for October review
- Eligible Stocks:**
 - Shares should be trading on the Qatar Stock Exchange for more than six months
 - QE index constituents must have individual shareholder limit of no less than 1%
- Frequency of Trading:**
 - Must have traded at least 80% of the trading days during the last 3 months of the review period
 - For a stock to enter the QE Index it must trade at least 80% of the trading days of each of the 4 quarters (quarters here are defined as 3 month tranches of the total review period)
- Velocity Eligibility:**
 - Velocity is calculated as:
$$\frac{\text{Shares Traded} \times \text{Price}}{\text{Average Daily Market Cap}}$$
 - QE index constituents must have recorded annual share velocity greater than 5%
 - Existing QE Index constituents must have recorded annualized share velocity greater than 5% during the last 3 months of the Review Period
 - For a stock to enter the QE Index it must have recorded annualized share velocity Index Methodology & Maintenance greater than 5% for each of the 4 quarters (quarters here are defined as 3 month tranches of the total review period)

Advantages/Benefits for Investors to invest in the 'QETF'

- **Diversification**

QETF allows investors to quickly gain exposures that are spread across specific sectors, industries, in Qatar instantly with a single transaction

- **Transparency**

QETF will publish daily on www.qetf.com.qa the underlying holdings and they will reflect pricing of the QETF.

Furthermore, the QE Index methodology can be found on the Exchange website www.qe.com.qa.

The QETF is designed to track the price index.

- **Liquidity**

QETF is available during Qatar Exchange trading hours and has appointed a liquidity provider to continuously provide efficient and tight bid-offer spreads; this provides an additional layer of liquidity. Important to note that trading volume is not indicative of total liquidity in the ETF.

- **Significant cost reduction**

The Total Expense Ratio is less than actively managed funds, with no performance fee being paid

- **Dividend Yield**

The QETF is no different will distribute annually dividends that are received from underlying shares, to the QETF unit holders; net of fees.

Qatar's first listed ETF: QETF

Founder	Doha Bank QPSC
Fund Manager	Amwal LLC
Liquidity Provider	The Group Securities
Administrator/ Custodian	Standard Chartered Bank
Auditor	Ernst & Young
Legal Advisor	K&L Gates
Regulator(s)	QCB, QFMA and MEC
License	QCB IF/26/2016
Commercial Registration	96762
Listing Date	March 5, 2018
ISIN	QA0001W26QQ0
QE symbol	QETF
Reuters	QETF.QA
Bloomberg	QETF QD Equity
Assert Class	Equity
Total Expense Ratio	0.50% per annum
Exchange	Qatar Exchange
Benchmark Index	QE Index
Currency	Qatari Riyals
Rebalance Frequency	Semi annual (April 1st and Oct 1st)
Dividend	To be paid annually

No ownership restrictions

'QETF' total expense ratio Vs. other Emerging & Frontier Markets ETFs

ETFs	Total Expense Ratio (%)
iShares FTSE A50 China Index ETF	0.99
ProShares Short MSCI Emerging	0.95
Lyxor PAN AFRICA UCITS ETF	0.85
iShares MSCI GCC ex-Saudi Arabia	0.80
iShares MSCI Saudi Arabia Capped	0.74
iShares MSCI Eastern Europe Capped	0.74
iShares MSCI Emerging Markets	0.72
iShares MSCI India Index ETF	0.71
iShares MSCI UAE Capped ETF	0.64
iShares MSCI Brazil Index ETF	0.62
iShares MSCI South Africa UCIT	0.62
SPDR S&P Russia ETF	0.59
QE Index ETF	0.50

With a Total Expense Ratio (TER) of 50bps, the QETF will have one of the lowest TER's in Emerging & Frontier Market ETF offerings.

QETF Vs. iShares QAT

	QETF	iShares QAT
Management Fee	0.50%	0.64%
Indexing Strategy	100% index replication minus the cash component	Representative Sampling (may not invest in all components)
Portfolio Management	Minimum 95% in index components as per prospectus, maximum 5% cash and 5% borrowing	Minimum 90% in index components as per prospectus, maximum 10% in depository receipts, futures, options, money markets or CASH and equivalents
Creation/ Redemption	Minimum 25k shares 'or multiples thereof, in-kind creation/redemption only	Minimum 50k shares 'or multiples thereof' <ul style="list-style-type: none"> Standard form of creation/redemption is in-kind May offer Creation Units partially for cash, but may, in certain circumstances, offer Creation Units solely for cash. Additional charges for any portion of creation/redemption that is in cash to cover brokerage fees
AP Risk	Clearly defined and designated AP/LP with solid relationship and standing	Not all AP's are able to act on 'Agency' basis and if AP's exit their relationships there may be no way to create/ redeem shares which may cause the ETF to trade at a premium/ discount

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