

## AL WASEELA FUND – F CLASS December 2018

### Performance

Trailing Returns	Fund	QE Index
MTD <sup>1</sup>	2.28%	2.76%
YTD <sup>2</sup>	24.34%	23.15%
Since Inception	141.06%	70.05%

<sup>1</sup> MTD is referenced from previous NAV date to this NAV date  
<sup>2</sup> YTD is referenced from 31 December 2017  
<sup>3</sup> Past Performance is no guarantee of future trends

### Historical Net Asset Value

Month	Offer	Bid
November	19.9520	19.7525

### Fund Statistics

Beta	Standard Deviation	Tracking Error
0.75	20.30%	0.09

### Fund Manager's Report

#### Review

Qatar Stock Exchange continued to move higher with index gaining 2.76% during the reporting period. Large capitalization stocks such as Masraf Al Raya, Ooreedo and Qatar National Bank continued to support the index. Despite being overweight in all three positions, the Fund gained 2.28% during the month and was behind the benchmark by 0.48%. The bulk of the relative performance can be attributed to stock selection decisions specifically in the banking and healthcare space. Within commercial banks, the Fund did not carry any exposure to Doha Bank but instead favored an overweight position in Qatar Islamic Bank and Qatar National Bank both of which generated low single-digit gains of 1.3% and 2.9% respectively for the period compared to Doha Bank which appreciated 6.9% during the same period. Separately, the Fund's off benchmark investment in NMC Health came under pressure and lost 15% during the reporting period driven by generally risk-averse sentiment in the global capital markets. It is important to note that management of NMC Health has reiterated the guidance for 2018 and 2019 during the recently published trading update which provides a positive read-across for various business verticals. On an absolute return basis, the bulk of the returns were generated from investment in Masraf Al Rayan bank which gained 9.6% during the month and contributed 1.04% towards a monthly return. On the other hand, the bulk of mark to market losses for the Fund emanated from its position in NMC Health which lost 15% during the month and contributed a loss of 0.75% for the month.

Looking ahead, the Fund is invested in high-quality businesses across various sectors. The critical technical event during 2019 is the inclusion of China A shares, Saudi Arabia and Argentina to the MSCI EM index. The addition will likely lead to a rebalancing exercise at the index level and is expected to lead to an outflow of USD 275mn during H1 2019. The passive outflow from the local exchange might act as a headwind and dampen market performance in the upcoming year. Economically speaking, Qatar has fared better than expected in a period of trade and economic blockade. Banking system liquidity conditions have improved significantly with the spread between the 3month interbank rate in Qatar and LIBOR shrinking down to 3.6bps – at the time of economic blockade, the spread had widened to 1.28%! As alternative trade routes have been established, we expect private sector activity in the country to gradually pick-up. As far as global macro conditions are concerned, the key indicator to look out for is an inversion in US yield curve. The spread between 10y and 2y US treasuries have declined to a level last witnessed during the summer of 2007, although a curve inversion doesn't guarantee a recession in the US, however, as a leading indicator, a recession has always been preceded by curve inversion. Given valuation in the local markets are pricing in a blue-sky outlook for stocks; it will serve the investor well to be on the lookout for exogenous factors that can compress valuation multiples to reflect deteriorating investor sentiment towards risk assets.

#### Important Information

The above information should not be considered an offer, or solicitation, to deal in the subject fund. Investments in this fund are not deposits in, obligations of, or guaranteed or insured by EFG-Hermes Financial Management (Egypt) Limited (Fund Manager) or The Commercial Bank of Qatar Q.S.C (Founder). This investment is subject to investment risks including possible loss of the principal amount invested. Unit values and income may fall or rise and past performance is not indicative of future performance. Investors should read the Articles of Association and Prospectus and seek relevant professional advice before making any investment decision.

	Offer	Bid
Net Asset Value as at 16 December 2018	20.4069	20.2028

#### Objective

The principal objective of the fund is long term capital appreciation through investing in listed Qatar and GCC equities.

#### Benchmark

QE Index

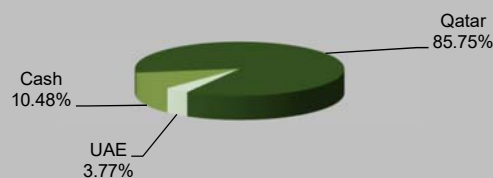
#### Fund Analysis

Top 5 Equity Holdings	% of NAV
Qatar National Bank	18.31%
Industries Qatar	15.67%
Qatar Islamic Bank	12.95%
Masraf Al Rayan	11.19%
Qatar Electricity and Water	6.55%

#### Asset Allocation

Type	Last Month	This Month	% Change
Cash	48.39%	10.48%	-37.91%
Listed Equities	51.61%	89.52%	37.91%

#### Geographic Breakdown



#### Fund Information

Currency	Qatari Riyal
Launch Date	15 April 2007
Type	Open Ended
Fund Size	QR 20,690,084
Minimum Subscription	QR 25,000 at Offer Price
Maximum Subscription	2,000,000 units at Offer Price
Minimum Subsequent Subscription	QR 5,000 at Offer Price
Subscription Fee	3.00%
Management Fee	1.50% per annum
Performance Fee	20% over Hurdle Rate of 10%
Dealing	Monthly by 7 January 2019
Valuation Date	15 <sup>th</sup> day of each calendar month
Founder	The Commercial Bank (P.S.Q.C.) P.O. Box 3232, Doha, State of Qatar Tel: +974 4449 0000 Fax: +974 4449 0070 <a href="http://www.cbq.qa">www.cbq.qa</a>
Fund Manager	EFG-Hermes Financial Management (Egypt) Limited
Custodian	HSBC Bank Middle East Limited
License No. of Fund	IF/6/2006
Fund Registration No. at Ministry of Economy & Commerce	34168