



## AL WASEELA FUND – F CLASS

### August 2017

#### Performance

Trailing Returns	Fund	QE Index
MTD <sup>1</sup>	-0.43%	-2.24%
YTD <sup>2</sup>	2.82%	-12.48%
Since Inception	107.63%	47.97%

1 MTD is referenced from previous NAV date to this NAV date

2 YTD is referenced from 31 December 2016

3 Past Performance is no guarantee of future trends

#### Historical Net Asset Value

Month	Offer	Bid
July	17.6523	17.4758

#### Fund Statistics

Beta	Standard Deviation	Tracking Error
0.76	21.20%	0.09

#### Fund Manager's Report

##### Review

Over the course of the previous month the Waseela Fund lost 0.4% as the DSM and QETR indices dropped 2.2%. Overall GCC equity market performance was quite weak with Kuwait being the top performer after a 0.5% gain. The Dubai market was the only other in positive territory as the index moved up 0.2%. The Abu Dhabi and Omani markets lost 1.2% and 2.5% respectively while the Saudi index was the worst performing having lost 3.3%. Brent crude prices over the period gained 3.3% as speculative positions on rising prices increased as investors weighed the potential for the US to impose sanctions on Venezuela. Prices have since edged down as there are concerns on high levels of production from the U.S. and OPEC. As a result Russian and Kuwaiti oil officials have begun meetings in the UAE to determine why some producers in the global pact to cut oil production have been falling significantly behind on their commitments. Saudi Arabia announced it planned to increase pressure on nations that failed to comply.

Masraf Al Rayan reported flat earnings YoY and QoQ in Q2 17 with net income coming in at QAR 510mn. Earnings were supported by strong investment income which grew 55% YoY to reach QAR 200mn. Margins came under pressure due to a rise in cost of funding which outpaced yields and margin pressure is expected going forward. Loan growth was flat while deposits fell by 3% QoQ (up 6% YTD). Asset quality and capitalization remain strong and materialization of the merger could be a catalyst for the name which is trading at 2.4x P/B and 15.1x 2017e PE. Doha Bank saw a 4% QoQ and 1% YoY drop in earnings. Net interest income was up 10% QoQ and 9% YoY standing at QAR 572mn as spreads widened, while the bottom line drop was attributed to spike in provisions. The loan book contracted QoQ by 0.5% but is up 7% on a YoY basis. The stock remains attractively valued at 11.0x 2017e PE and 0.9x P/B. The banking sector in Qatar got a boost which should go a long way towards bringing back confidence. Qatar Central Bank's July statistics show a dramatic surge in total deposits, with inflows of USD 25.8bn in the month of July, compared to USD2.5bn in the previous month. This is the largest increase in monthly deposits for at least the past decade. The public sector accounted for USD 14bn in deposits and the remaining came from the private sector, which saw large net deposit outflows of USD10bn in June, following the blockade by GCC nations.

In other results Qatar Electricity and Water Co. witnessed a 31% QoQ rise in earnings and a 4% increase YoY. This was driven by an improvement in operating margins and a higher share in profits from JVs. Political issues should not affect local operations given off take agreements that provide revenue visibility. Gulf Warehousing reported flat YoY net income which also higher 8% QoQ. Top line growth of 11% YoY came on the back of logistics operations as well as the freight segment, which saw a decline QoQ. As expected the political standoff has not impacted the business, and is providing the company an opportunity rather to grow its footprint in Qatar. The recent diplomatic crisis engulfing the GCC witnessed an instant of de-escalation as King Salman ordered the re-opening of borders to facilitate the movement of Qatari pilgrims intending to perform hajj. The announcement came after Saudi Arabia received a special envoy from the Qatari royal family who emphasized the historic relations between the two nations and ruling families. The situation otherwise has not shown signs of easing and this may be the first step towards that effort. The performance of the Fund was attributed to its off index exposure in the GCC including the UAE and Kuwait.

##### 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 15 August 2017	17.5768	17.4010

##### Objective

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

##### Benchmark

QE Index

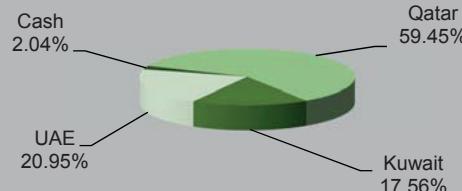
#### Fund Analysis

Top 5 Equity Holdings	% of NAV
Qatar National Bank	15.84%
Human Soft Holding Co KSC	10.26%
Medicare Group	8.80%
Aramex PJSC	7.63%
Qatar Electricity and Water	7.31%

##### Asset Allocation

Type	Last Month	This Month	% Change
Cash	3.82%	2.04%	-1.78%
Listed Equities	96.18%	97.96%	1.78%

##### Geographic Breakdown



#### Fund Information

Currency	Qatari Riyal
Launch Date	15 April 2007
Type	Open Ended
Fund Size	QR 50,897,938
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 September 2017
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.cbg.qa">www.cbg.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



Winner of ZAWYA Fund Awards

Ranked 2nd Best Qatar Equity Fund (for 2013)



Qatar Equity Fund of the Year



AllWise