everything is possible

COMMERCIAL BANK

AL WASEELA FUND – F CLASS
November 2016

Performance

Trailing Returns		QE Index
MTD [1]	-2.22%	-6.63%
YTD [2]	-2.69%	-7.19%
Since Inception	89.65%	56.81%

1 MTD is referenced from previous NAV date to this NAV date
2 YTD is referenced from 31 December 2015
3 Past Performance is no guarantee of future trends

Historical Net Asset Value

Month	Offer	Bid
October	16.4199	16.2557

Fund Statistics

Beta	Standard Deviation	Tracking Error
0.76	21.95%	0.10

Fund Manager's Report

Review

Regional markets were volatile over the course of last month as Brent crude oil prices declined 10.8% while the run up to the U.S. elections resulted in a surprising Trump victory. The Waseela Fund lost 2.2% as the DSM and QETR indices lost 6.6%. The best performance came from the Saudi market which saw a major rally and a gain of 15.3%. The Kuwaiti bourse had the only other market in positive territory as the index moved up by 3.4%. The Omani and Abu Dhabi markets lost 3.0% and 3.1% respectively while the Dubai index was down 3.2%.

Results continued to be announced and Masraf Al Rayan reported earnings of QAR 509mn which was flat Q-o-Q and down 1% Y-o-Y. Earnings growth in Q3 16 excluding one off gains was up 11% Q-o-Q and 9% Y-o-Y on the back of strong fee & commission income as well as provision reversals. Loan growth edged up 4% Q-o-Q and 12% Y-o-Y however tight liquidity conditions in Qatar continues to put pressure on deposit raising and funding costs. Spreads fell 5bps on a sequential basis, some of the increase in funding costs were passed on to asset yields. Fee income was extremely strong and was up 70% Y-o-Y. The NPL ratio fell to 0.05% and credit quality continues to surprise. The bank is trading at 12x PE 2016e and 2x PB.

Al Meera reported earnings of QAR 34.5mn down 4% Y-o-Y while top line remained flat after single digit growth last quarter. It looks as if consumers are watching their spending given the current economic conditions. The ramp up of stores opened last year have helped keep margins resilient and reduce the impact of higher SG&A expenses. Qatar electricity reported Q3 16 net income of QAR 450mn relatively flat Q-o-Q and up 8% Y-o-Y. Top line grew 3% compared to last year with the key growth coming from the new plant that commenced in August 2015. Higher JV income and better than expected margins helped push the Y-o-Y growth. The company remains a stable defensive play that will see minimal deterioration in earnings in the current cycle.

The Saudi market saw several positive announcements that helped push the index higher and this included the completion of the largest EM sovereign bond issue. The government raised USD 17.5bn in an issue that was close to 4x oversubscribed which allowed the country to borrow more as well as cheaper than initially expected. This is a positive step on the government's path to reform and should alleviate some of the pressure on domestic liquidity. Market sentiment was also helped by the release of the new municipality fees that have come in significantly lower than previously expected. The new fee structure which comes into effect in December, would now actually have limited impact across corporates in different sectors and some of the proposed municipality fees have been postponed indefinitely. The Saudi market was given another boost recently as the government announced that it has set aside USD 27bn in order to clear its payments to private sector companies after delays which in some cases have stretched out over a year. The Fund benefitted from the off index exposure to Saudi Arabia through its allocation to the banking, insurance and retail sectors. Positive contribution in Qatar came from the overweight allocations in the insurance and utility sectors.

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 November 2016	**16.0549**	**15.8944**

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

Benchmark
QE Index

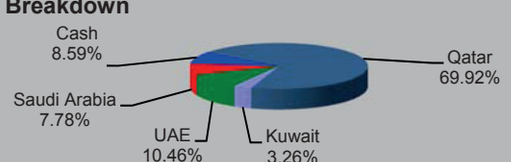
Fund Analysis

Top 5 equity holdings	% of NAV
Qatar National Bank	19.37%
Qatar Insurance	10.04%
Qatar Electricity and Water	9.07%
Industries Qatar	7.60%
Qatar Fuel co	6.54%

Asset Allocation

Type	Last Month	This Month	% Change
Cash	6.95%	8.59%	1.64%
Listed Equities	93.05%	91.41%	-1.64%

Geographic Breakdown



Fund Information

Currency	Qatari Riyal
Launch Date	15 April 2007
Type	Open Ended
Fund Size	QR 58,086,994
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 December 2016
Valuation Date	15th day of each calendar month
Founder	The Commercial Bank of Qatar (Q.S.C) P O Box 3232 Doha Qatar Tel: +974 449 0000
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

zawya Fund Ranking
Winner of ZAWYA Fund Awards
Ranked 2nd Best Qatar Equity Fund (for 2013)

MENA FUND MANAGER PERFORMANCE AWARDS WINNER 2016 Qatar Equity
Qatar Equity Fund of the Year