

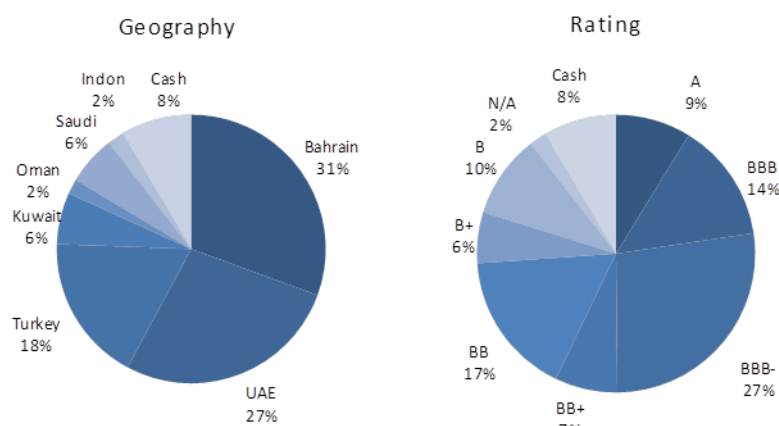
Manager's Commentary

The fixed income fund dropped by 1% in November as the Barclays GCC Fixed Income Index plunged by 1.3% over the same time period.

The GCC fixed income market reacted negatively to international developments as probabilities for a rate hike in December have increased to their highest levels. The drop was led by Bahrain which fell by 3-4 dollars followed by Saudi which was downgraded at the end of last month. Bahrain, which issued two new bonds at relatively high yields also led to the re-pricing of GCC debt. There were already a few bonds which were long overdue for a correction but have been kept stubbornly high due to a lack of new issuances from the GCC. The expectations of rate hikes coupled with the "risk off" sentiment and low oil prices have been plaguing the region for some time now and the prices just collapsed in November. Many names are now trading at levels last seen six months ago with the likes of Oman and Ras Al Khaimah touching all time lows. Yields are also at the highest levels seen for a while as the region has been undergoing a transition of accepting wider spreads.

Moving ahead, we believe that yield curve positioning and country selection will be the major contributors to outperformance. The fund has already increased its average yield from 4.7% last month to 4.8% in November, whilst increasing its cash position by 8% which optimally sets it up for next year. It is also expected to take advantage of rising rates due to its low duration of 2.7x and exposure to floating rate bonds. A flattening yield curve expected from continuous Fed accommodation would also be advantageous. On country basis, Bahrain currently trades much higher than its peers, and offers a good buying opportunity especially once the noise surrounding its rating review have dissipated. Moreover, the Kingdom has the largest potential and willingness to improve its credit from the region. The UAE is also another space we expect to outperform due to its well diversified economy, price stability and strong correlation to growth in the US.

Portfolio Composition



Top Holdings	Rating	Coupon	Yield	Duration	Allocation
INVESTCORP 8 ¼ 11/01/17	BB	8.3%	6.1%	1.8	15.4%
ALBARAKA TURK 7 ¾ 05/07/23	B	7.8%	9.4%	2.1	9.9%
DEWAAE 7 3/8 10/21/20	BBB	7.4%	3.1%	4.2	7.4%

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The Fund's primary objective is to generate income and seek capital appreciation over the medium to long term.

To achieve its objective, the Fund will actively invest in Government and Corporate Fixed Income, Sukuk, Repo, Money Market instruments, and other fixed income related instruments.

Fund Features

- High liquidity
- Lower volatility
- Excellent vehicle for medium-long term investing

Fund Information

Launch	April 2013
Benchmark	Barclays EM GCC Bond Index
Management Fee	1.00%
Subscription & Redemption	Weekly
Subscription / Redemption	Two Business Days
Minimum Subscription	US\$10,000
Custodian/ Administrator	HSBC Middle East
Registrar	HSBC Middle East

Fund Returns and Characteristics

	Fund (%)	Benchmark* (%)
November 2015	-1.0	-1.3
2015 (YTD)	1.6	1.8
2014	8.7	6.9
2013 (Apr - Dec 13)	-0.8	-0.4
Last 3 Months	-0.6	-0.5
Last 6 Months	-1.1	-1.2
Last 1 Year	0.8	0.9
Since Inception (Apr 2013 – Nov 2015)	9.6	8.3
Duration (years)	2.7	5.0
Yield to maturity (%)	4.8	3.5
Coupon (%)	5.8	4.6
Spread (bps)	363	194

* Barclays EM GCC Index

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Investment Bank