Ajeej Capital
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FUND INFORMATION

Pricing:
Monthly NAV

Fund Classes:
Issued Shares
Class A Shares
Class L Shares

Current NAVs (USD):
Issued Shares 195.03
Class A Shares 183.82
Class L Shares 180.54

Fund Custodian:
Deutsche Bank

Fund Lawyers:
Walkers
King & Spalding

Fund Auditors:
KPMG

Fund Administrator:
Maples Fund Services

Bloomberg Ticker:
AJEEJMN KY Equity
AJEEMNA KY Equity
AJEEMNL KY Equity

ISIN Code:
KYG016361027
KYG016361100
KYG016361282

January 2015

Dear All,

"Complacency is a state of mind that exists only in retrospective: it has to be shattered before being ascertained." - *Vladimir Nabokov*

Happy New Year and best wishes for 2015 from the Ajeej team. In last month's letter we spoke to you on a sombre note amidst the volatility faced in December due to sliding oil and its adverse effect on the stock market. We managed to recover over the latter half of the month to close down -2.7% (YTD 27.4%). It was also a reasonable recovery for the broader markets with the S&P closing -3.8% (YTD 2.0%). The last two months of the year served as a harsh reminder of the impact a key indicator that we have come to take for granted over the past 4 years has; however, as we've rolled over into 2015, an apparent decoupling of sorts seems to have developed possibly reflecting a fundamental long term recovery. Whether or not our fate remains invariably linked to the volatility of this commodity is predicated on continued government spending and the associated signals.

From an investment perspective we endeavour to provide the best of MENA specifically, and broader EM exposure generally. We do this by investing in companies that offer great fundamental value drivers with compelling earn outs of their respective business plans. We are largely in the business of building parallel business plans and continuously testing our internal hypotheses while overlaying stock characteristics to present interesting and compelling entries into companies within our investment universe. The challenge is investing with longer term horizon periods as we re-iterate long term value on a perpetual basis. The market pricing mechanism is often less efficient in our markets, a double edged sword that presents great opportunities whilst creating value traps. As we crossed our 7 year anniversary last October we aspire to leverage our experience curve to provide the best risk adjusted return predicated on the right investment horizons. If we were to assess our annualised performance CAGR since inception we calculate a return of 9.7% per annum, which is below our standards but perhaps excusable given a 2007 vintage start and weathering a global financial crisis, sovereign credit crisis, Dubai debt crisis and lastly an Arab Spring. However, our 3 and 5 year CAGRs have hit over 30% and 20% respectively which fall in line with our targeted returns.

As a firm we have grown the AUM base to approximately USD 650 million, which is a number we are proud of and thankful to all of you who have supported us over the years. Given our style and philosophy and underlying strategy of providing meaningful attributions behind our idea generation, this AUM base is close to levels that start to hinder the depth of our investment universe. Whilst we don't declare hard closes, we are within a range of 80% to 90% of our capacity as we aim preserve the integrity and passion of our fundamental conviction investing across the best companies in the MENA markets. In this regard, we have continued to add to our team and through limited turnover are pleased to have maintained the experience curve on the investable universe. We continue to expand our bandwidth in the pursuit of striking the right balance of managing the depth and breadth of the process. We feel the coming period will have more consolidation and offer interesting entry positions for many companies in our universe and new entrants into the markets as we evaluate the opportunities across the dynamic landscape in which we invest.

Although it does not pertain to the year end, the death of King Abdullah *(in Arabic we write RIP)* brings an end of an era to a great leader who was pivotal in setting Saudi Arabia on a solid growth path and leaving many lasting legacies in the formation of the modern Saudi Arabia. He played a unifying role within the various branches of the Al Saud family, successfully trickled the wealth to the more remote regions of the kingdom and institutionalised higher education, health care and urban infrastructure in a manner not witnessed before, all in a tenure less than 10 years. His commitment to developing the human capital base holistically and introducing women as active members of the labour force has set the country on a path of liberalisation that is difficult to reverse. The press will provide conspiracy theories and embellish multilateral negotiations, but the alignment has been clear and decided well before the passing of King Abdullah. The pace of assigning the power to the next generation was also clear and remarkably fluid, providing a level of stability that many were looking for. The pace dictates that the alignment and the Al Saud institution both remain intact, and that we are in able and solid hands with King Salman. It is inevitable that we will continue to have changes in power, as one should expect, in an absolute monarchy; however, it is important to note that the alignment of policies, both political and economic, has been very high. On a side note, a titbit was recently pointed out to us, which is that coincidentally both King Abdullah's ascension to the throne as well as his ultimate passing coincided with oil trading in the 40 to 50 dollar range, closing one of the biggest cycles in the commodity's history. Over this period, it is of our humble opinion that the country could not have been in better hands to set the foundation of proper governance frameworks and initiatives and leave a lasting effect on the Kingdom of Saudi Arabia.

WHAT DO YOU MENA!? – Oscars quiz - name the winners (we've included best picture nominees from different years, see if you can remember whether or not they won) **...**

"As Good as it Gets" (1998 Y_ N_)

Saudi Arabia as a market had a strong start to the year, appreciating over 30% in the first 9 months of 2014 having received an adrenaline shot with the news of the market opening up to foreigners. Despite the strong start, the reversal in q4 was enough to erase all the gains for 2014 thus closing the year at -2.4%. Of course, when the primary source of government income comes into check (especially with such negative velocity), investor confidence is affected as one redraws the effect on the fundamental landscape. The question we must be asking ourselves, is whether the story has peaked with potentially a new paradigm shift in oil? Or whether the platform of diversification and investments in non-oil ventures will trump both the psychological and real effect of a pervasive lower oil price? The sustainability over the near term is undeniable given the USD 800 billion in reserves which represent a coverage ratio of over 3x against government expenditures. What is less clear is the strategy moving forward after 2015, with particular focus on the commitment to fiscal expansion both on capital formation and direct expenditures. This uncertainty aside, it is comforting to see that the market and its participants have been quelled largely due to the perceived calmness of the captains of policy and strategy, especially as they reflect upon the management of government deficits and the importance of strategic allocation of capital to the development of the country. Whilst diversification from oil has moved at a slower than ideal pace, already it is expected to represent under 43% (hydro-carbon % of GDP) in 2015. Strategically Saudi has been moving to find oil substitutes for domestic consumption as over 1/3 of production is being used domestically, crowding out the government's revenue slowly (this is the point that most foreign pundits overlook). Therefore, given the long term outlook and a recovery in oil price above current levels, we believe the management of the budget and fiscal support will remain consistent and independent of oil price. Saudi will go through a very different phase of growth in the coming few years, predicated on real demand of the local population and an improved role in the participation of the population in the real economy spurred on by years of spending on the knowledge economy and infrastructure. With the market opening and its inherent depth of opportunities, Saudi continues to be the most important market in MENA, and the resilience of political structure with the passing of King Abdullah is solid. Geo-politics continue to be challenging with bellicose neighbours to the north and south, but these front lines are chronic problems which must be continuously monitored.

"Raging Bull" - *(*1980 Y_ N_)

The UAE has had a remarkable run, gaining the accolades of the best performing market in both 2013 and 2012. The momentum seemed set to continue for at least what appeared as a consolidation year predicated on strong fundamentals and the coat-tails of momentum. Ultimately 2014 was a year of two halves, which saw the DFM threaten to keep its spot on the mantle with a performance of 59% through May, only to close 12.0% for the year; the ADX was somewhat more subdued returning 5.6% in 2014. The markets in the UAE continue to have legs, but it is not for the faint of heart as implied volatilities are double those of its GCC peers. Real estate malaise and slow down encapsulates Dubai's mild hangover, but with continued reduction of re-financing risks consumer confidence remains strong. As we have discussed in the past, we are entering a neutral cycle and the economy only understands reverse or top gear and needs to get accustomed to being in neutral without stalling. Corporate earnings continue to be resilient, but we need to understand that even though Dubai is not an oil economy, its raw material into its service economy is highly sensitive to oil despite its diversity. With market depth gaining ground, the UAE continues to be attractive, and high volatility allows for interesting entries into the market. Whilst the bull may not rage, it will maintain itself whilst grazing mildly in the pasture.

"The Sting" - *(*1973 Y_ N_)

Qatar was the best performing GCC market up 18.4% for the year. 2014 in many ways was a reversal of a *Sting* as it signalled a successful re-alignment with its GCC neighbours and dropped any ambitions to play a pro-active role in the political landscape. Moreover, it essentially locked in its World Cup win leading to confidence in the "big spend" roll out for the economy. All the while the economy has been the most defensive given its heavily weighted reliance on LNG pricing more than oil, this understandably served to create relative calm on the DSM. Ironically institutionalisation and professional management of the economy pertaining to Qatar Inc.'s inflows and outflows has served to cut out the excesses in the market, as rationalisation based on merit-based funding is proving to be the concern. The depth of the market continues to be constrained, so while its defensive economic posture and unmitigated spend for Qatar 2022 makes this market a relative safe haven, lack of depth comes up top trumps. We continue to look for primers of Capital market development , but feel that despite this market having merit, its bottom up stories are less attractive than what we are able to find elsewhere.

"Lost in Translation" - *(*2003 Y_ N_*)*

Kuwait was down -13.4%, and the market continues to frustrate investors year in year out. The political quagmire can only get more convoluted with lower oil price as the country's grid lock is set to maintain itself in this new landscape. Moreover, the cycle of malaise is exacerbated by the Central Bank managing the provisioning cycle of banks adding a further overlay of negativity. Despite continued potential, one only need wonder that with every passing year in this pervasive state, the likelihood of unlocking said potential becomes increasingly more difficult.

"A Man for all Seasons" - *(*1966 Y_ N_)

Egypt can do no wrong, and in a year of accession to power, one accolade Mr. Sisi can certainly boast is his presiding over the MENA market of the year as it was up 31.7% in 2014. Ironically, the re-establishment of army rule has set a course for alignment in Egypt not witnessed since the pre-Mubarak days. This has been effective as President Sisi has instilled tremendous pride in the people and a secular unity amongst the masses to work together to fix Egypt. Through this he is playing to his script well as he embarks on subsidy reform and rolls out his version of the Marshall plan funded by the Gulf to reinvigorate confidence under a clear veneer of managing the expectations of the challenges of structurally fixing this economy. Concurrently he has been very guarded on his policy roll out and policy making, and slippery when dealing with the private sector to ensure that he does not create cabals of power associated with policy making. With a population of over 90 million, unrelenting support from the Gulf (even with low oil price), improved governance and massive loyalty, the ducks all seem to be lined up nicely providing very interesting business transformation opportunities in the market.

2014 (and beyond) TOP STORIES:

BUPA PASSES ITS ANNUAL PHYSICAL WITH FLYING COLOURS:

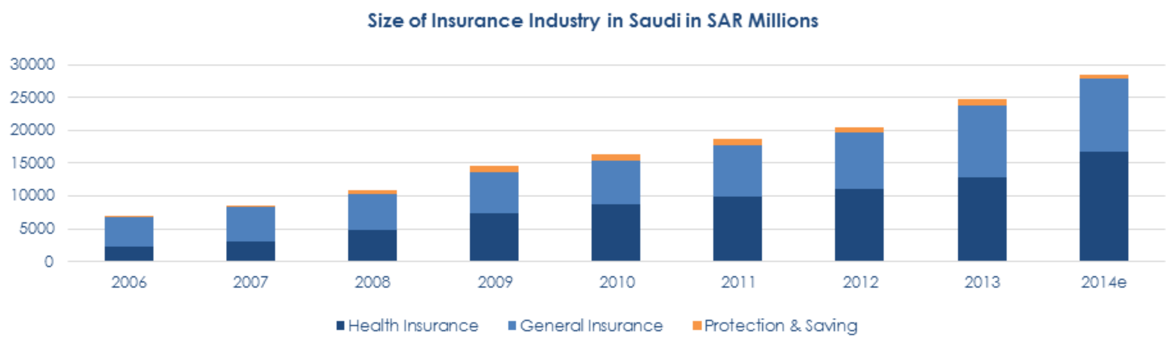
After a strong performance in 2013 (up 55%) BUPA Arabia had an extraordinary year in 2014 with the stock price closing the year up 294.6% and ultimately taking the medal for the best performing stock in the MENA region. Although we only began investing in BUPA towards the end of 2013, we had been keeping a close eye on the insurance sector for several years. We had understandably kept our distance as the sector continued to be mired in problems and structural challenges, and we waited for signalling that a shift was imminent. Once we received the necessary confirmations and signals from the regulator, BUPA was our first port of call given our comfort with the reputation of its shareholders and management and their adherence to high levels of governance and operational diligence.

Here's a bit of background on both the sector and company:

The highly fragmented insurance market in Saudi consists of 34 listed companies providing a smorgasbord of insurance options. With that said, three companies control the majority of the health insurance market with a combined share of around 80%, leaving 31 smaller players tussling for scraps. Ultimately the aggressive competition led to a multi-year price war, which drove average individuals' premiums down from a sensible SAR 900/annum to a ludicrous SAR 250-300/annum, and pushed loss ratios up from a tepid 73% to a scary 96%. Eventually SAMA had to step in and stem the haemorrhaging; the central bank and regulator of the insurance sector established new levels of oversight and enforcement on insurance companies with the introduction of actuarial pricing, claims history sharing and the implementation of Article 69 (which is a more conservative accounting standard for premium payments meant to limit flexible pricing). The immediate result was the end of the price war, and massive provisioning towards the end of 2013.

This is where our protagonist, BUPA, enters stage left. During the price war BUPA premiums were set at 15-25% higher than its peers', and as the company would not sacrifice on price they lost market share to Tawuniya in particular, who mispriced and mis-provisioned for a long period of time; Medgulf also under-priced and under-provisioned. Today, there is barely any gap, with most insurers having moved up to BUPA pricing, which has allowed BUPA to win business because competitors are trying to charge BUPA prices without being able to provide BUPA-level services (SABIC is an example of this vis-à-vis moving their business to BUPA from Medgulf in 2014). Moving forward, BUPA wants to continue pricing at a small premium to the market at all times, because they want to be positioned as a 'premium' product – thus they've raised prices a bit on top of the price 'release' from the end of the price war. They have pushed and are continually pushing to improve their clinical care services (helping customers in crisis, following up with patients post-claim, offering suggestions on treatments, etc.); no one else can compete strongly on this, though a smaller level of competition has begun to emerge in certain service areas.

As illustrated in the table below, the health insurance sector has grown at a CAGR of (12%) and today represents well over half the sector.



The growth momentum in the health insurance market in Saudi is set to continue and record double digit growth of 15-20% in 2015, as premiums move appropriately upward to reflect treatment costs and as the remaining 3 million uninsured private sector workers (out of a total insurable pool of about 14 million people) become insured. Because these individuals lie largely at the low end of the market, their impact on the growth of the market is likely to be lower than that of earlier insurance roll outs. Moreover, the Ministry of Health is continuing to clamp down on the practice of providing 'insurance in name only' (a coverage held by a number of individuals in the pool of 3 million that provides an insurance card but almost no network of covered providers)), and as they succeed prices should continue to trend toward the actuarial level, ultimately benefiting BUPA's growing market share which currently stands at 39%.

We expect that in addition to benefitting from the natural growth rate of the market, BUPA will outpace its peers by improving its market share with a particular focus on Riyadh, where it has historically faced tougher competition from the likes of Tawuniya and Medgulf, in contrast to its home turf in Jeddah. An important factor to note here is that BUPA's high renewal rates play a key role in maintaining its market share. BUPA will also focus on Saudi families who want to add supplemental private coverage for themselves (not a massive market in terms of numbers, but should allow for higher premiums. These efforts should enable BUPA to grow its GWP in 2015 at a pace faster than its peer group. Finally, BUPA should continue to reap the benefit of its 2014 expansion with the unwinding of unearned premiums through the income statement and increasing economies of scale which should further reduce its expense ratio, given its ability to maintain a low loss ratio at around 80%. We expect earnings to grow at 40-50% in 2015 as result, which is impressive given that in 2014 the bottom line more or less doubled.

In summary, expect to see BUPA maintain its healthy core status a little while longer.

ALTAYYAR KEEPS ON FLYING:

Our investment in Altayyar Travel continued to perform strongly for a 3rd year, as the company worked to build out its inbound tourism infrastructure while maintaining its dominance in the Saudi outbound travel market; the stock provided a further 43% return during 2014, having returned ~250% since its June 2012 listing. Our July 2012 investment in Altayyar at near the IPO price was driven by our conviction that the company represents a unique play on the growing travel and tourism market in Saudi Arabia, a conviction that remains today as the company moves to develop its inbound and domestic tourism offerings to drive its next stage of growth.

During 2014, Altayyar continued to build on its dominant position in air ticketing in Saudi Arabia, where its overall outbound travel market share has grown from 26% in 2010 to over 30% today. As we've highlighted previously, a unique element of Altayyar's business has been its aggressive capture of government funded travel in Saudi Arabia, where it controls 50% of the ticketing business. Altayyar's continued strong management of the King Abdullah Scholarship Program (which sends around 80,000 students and their dependents, totalling ~250,000 people annually for higher education, primarily in the USA) has allowed them to create economies of scale around ticket purchasing and attract additional government and corporate entities as clients. Today, Altayyar controls around 25% of other government air travel, and has a similar share in corporate air travel, a dominance that, in addition to its 10% market share in retail air travel, has allowed it to capture a growing level of ticket rebates from airlines, an amount that totalled SAR 110 million in 2014, or 10% of net income.

A key concern we've had with Altayyar over the course of our investment is its ability to plan for a 'post-scholarship' period, as the program will eventually wind down as the current youth bulge in Saudi Arabia enters the work force. Separately, the scholarship ticketing program is renewed every 3 years, and despite an expiration in March 2014, no new contract has yet been signed, although Altayyar continues to operate the program and management does not expect radical change in management of the program, as no other operator in Saudi Arabia has the capability to manage the travel needs of the students. An environment of lower oil prices, in which government and corporate spending (particularly in discretionary budgets such as travel) will likely be curtailed in 2015 and moving forward, despite the recent announcements that Saudi Arabia will remain in spending mode in its 2015 budget, presents an additional challenge.

Over 2013 and at a pace that accelerated in 2014, Altayyar set about using cash generated in the ticketing business to acquire assets in the inbound religious tourism business for Saudi Arabia, starting with several hotel and hotel apartment developments around Mecca. With the completion of these acquisitions (and construction completion on the units), Altayyar will control around 6,000 rooms in Mecca (in the 3-star and 4-star category) – around 5% market share, which they plan to use as a basis for channelling religious tourists through the inbound travel infrastructure they are developing through the acquisition in 2014 of travel agencies in Egypt and the UK, and the further development of their existing subsidiaries in Malaysia, the USA, and elsewhere.

Following completion of the renovation and expansion of pilgrimage areas in Mecca and Medinah in 2016/17, pilgrim numbers are expected to more than triple from current levels, which have been only 2 million Hajj pilgrims for the past couple of years due to construction in Mecca and to the MERS virus, creating demand for travel services which Altayyar hopes to satisfy. Management's goal is to reach a 5-10% market share in inbound religious tourism (close to half the total Saudi tourism market by value) over the next 5 years from effectively 0% today. Done correctly, this investment will allow Altayyar to continue to grow despite the expected winding down of the scholarship program.

Altayyar's decision to invest in physical hotel assets, moving away from its asset light ticketing model, is not without risk, and we will monitor the roll-out of its religious tourism infrastructure carefully, but we would argue that unlike the disastrous moves of European travel agents into physical assets over the past 2 decades, Hajj and Umrah pilgrimage is a uniquely defensive element of the global travel industry (witness the robust growth in religious tourism spending in Saudi Arabia during the 2008-9 global financial crisis). Altayyar's ability to offer an end to end product, from ticketing, to domestic transport, to lodging, leveraging on its large existing ticketing base to provide attractive ticket rates should be a key competitive advantage as it enters the religious tourism market in a more significant way.

EMAAR TOWERS OVER COMPETITION

Since it first listed on the DFM in 2000, as the exchange's first listing, Emaar has been a pioneer in the region, with an impact far beyond

Dubai. As the only UAE developer to survive the financial crisis unscathed, with core assets intact despite challenges in some international operations, no strings attached to its funding, and with a sufficient land bank both domestically and internationally to support its development for the next 5-8 years, Emaar remains the gold standard in regional real estate development. Emaar burnished that reputation in 2014 with the successful initial public offering of its Emaar Malls subsidiary; raising USD 1.5 billion by selling a 15% stake and valuing its retail assets (primarily the Dubai Mall) at over USD 10 billion.

More importantly, the IPO was completed through the first true book building, demand pricing, and management-led allocation process completed in the UAE. In addition, the Emaar Malls listing was the first 'divestment through IPO' allowed in the UAE – typically companies have been forced to raise new capital, one of the reasons that a number of UAE-based companies (NMC Health, Al Noor, Gulf Marine Services, DAMAC Real Estate) have listed in London over the past several years. Not only is Emaar a leader in iconic real estate development, leisure, and entertainment (close to 2 million people attended the New Year's Eve celebrations hosted by Emaar in Downtown Dubai this year), but it is also a leader in developing the regional capital markets.

Indeed, given its current low cost of funding and ample pre-sales cash flow, Emaar chose to distribute to shareholders proceeds from the Emaar Malls IPO in addition to paying an earlier dividend in 2014, a total disbursement to Emaar shareholders of USD 2.7 billion during the year. Moving forward, we expect Emaar to offer shares in its hospitality business (currently managing 1,500 keys, with more than 1,000 under active development) to the public (hospitality is currently valued by external evaluators at 2x its book value), in addition to shares in its Emaar Misr real estate development arm, where pre-sales in the first 9 months of 2014 totalled over USD 800 million, a 50% increase over 2013 pre-sales, as the Egyptian real estate market recovered.

Despite the turbulence that comes from being the market bellwether in Dubai, which meant that the total return for Emaar stock was only 25% for 2014, with all but 7% of that return due to the Emaar Malls dividend, the company remains focused on growing and developing its brand and offerings, and the valuation remains compelling. During 2014, Emaar began development of its 'Dubai Inn' concept, a 3-star hotel brand to complement its existing 4- and 5-star offerings (The Address, Armani, and Vida), and it launched properties in 2 new JV projects with Dubai GREs – resolving a concern we'd had on its dwindling Dubai land bank, as nearly all Downtown Dubai projects are launched, sold, and under construction, and only limited space remained in its other developments.

In Dubai Hills and The Lagoons, the two major new projects launched in the UAE in 2014, Emaar will develop the projects (each on par in size with Downtown Dubai, if not slightly larger), while the GRE partner (Meraas, Dubai Holding) owns the land. From our analysis of Emaar's financials, it appears that Emaar will forego the land development margin (this will be paid to the JV partner) but will retain the unit development margin (typically around 30% net). We believe these partnerships will allow Emaar to expand its Dubai footprint without funding the acquisition of additional land banks (the free land of the past is no more) and continue to leverage its sales and management infrastructure into new projects.

We expect that real estate momentum will slow in Dubai over the next 2 years, as demand is suppressed due to weaker Russian demand and the return of stability to some key Arab Spring countries (notably Egypt), and new handovers increase. We expect the supply of new units handed over in 2015 in Dubai to be roughly double the handovers of the past 3 years. During 2011-2014, the lack of new sales launches from 2009-12 has limited new unit availability and helped push prices upwards, we now expect that to subside. For Emaar, a more subdued period, while not ideal, should be highly manageable, given growth in Egypt, growing investments in Turkey, and a record backlog in Dubai of ~AED 7 billion (just under USD 2 billion), or around 3,600 residential units. We estimate that this backlog in addition to its hotel developments and expansion of Dubai Mall will sustain Emaar's growth and cash flow during a slower period where pre-sales may drop to the AED 1.5 billion level per annum versus the AED 3 billion level of the past 2 years.

Emaar's strong record of execution and development leaves us confident of good things to come for the company and our investment, as from 2017 we expect a strong ramp up in real estate activity and prices into the Expo 2020 and Qatar World Cup 2022 period.

ADIB LEADING THE PACK (a pun for those of you who speak Arabic)

Abu Dhabi Islamic Bank remains a top-5 portfolio holding as we enter 2015, and the stock has now been a part of the portfolio for over 5 years. 2014 was a good year for ADIB's stock, which provided a +30.0% total return for the year. The bank also performed well operationally, with 2014's 9-month earnings 21% higher YoY, as each of the 3 quarters ended with a new record for quarterly earnings for the bank.

An interesting development for ADIB in 2014 was the bank's acquisition of the retail business of Barclays Bank in the UAE. It was completed in Q3 and brought over 110,000 new customers to ADIB, increasing ADIB's total customer base to more than 750,000 (compared to about 450,000 3 years ago). This acquisition is consistent with ADIB's efforts to increase its presence within the UAE expatriate community. We will monitor the evolution of this new customer base, to assess how many of the Barclays customers (typically higher-earning expatriate customers) will choose to remain with ADIB, rather than moving to another international bank with UAE presence such as HSBC. ADIB has been rated the #1 bank in the UAE for customer service and has made some inroads into the broader expatriate community in recent years, so we expect the bank to have some level of success in retaining these customers.

In addition to growing its retail banking business, ADIB has been developing its wholesale banking business, with corporate loan growth in the double digits and significant growth in corporate finance fees and brokerage fees. The bank remains retail-focused, with approximately 60% of loans to retail customers, but the additional development of corporate finance, treasury, transaction, and private banking services is bearing fruit. As of Q3 2014, the bank's net interest margin remained well above 4%, among the best in the UAE, and coupled with further growth in fees and non-interest income helped the bank to achieve a TTM ROE of over 22%, the highest for the bank since 2006. We acknowledge that the high ROE is driven in part by high leverage, but note that ADIB has been innovative in making efficient use of its capital base. ADIB issued the first Tier 1 perpetual debt instrument in MENA, a structure since copied by other UAE and Qatari banks.

Those familiar with our long-term investment case for ADIB will know that we believe the management team has established a strong track record, since joining the bank in 2008, of building the bank's franchise and identifying and addressing both opportunities and challenges facing the bank. 2015 will likely present the next stage of some ongoing challenges, including the introduction of a retail credit bureau in the UAE that should benefit the UAE banks in the long term but in the short term could necessitate higher general provisioning as a clearer picture emerges of retail customer debt burdens. We expect ADIB's management to continue navigating such challenges well. While ADIB's stock price has appreciated considerably, in the last two years in particular, we continue to believe that the bank is an attractive investment opportunity as we begin 2015.

UNB – TIME TO UNLOCK THE VAULT?

Union National Bank is a relatively small Abu Dhabi-based commercial bank, with total assets of USD 24 billion as of Q3 2014 and a market capitalization of about USD 4 billion. The bank is conservatively managed with an emphasis on lower-risk, lower-return products. The loan book is diversified, with the largest economic sector (consumer) representing just above 20% of the portfolio. The bank is corporate-focused and historically has had a strong relationship with contractors working on government-related projects.

We believe that the stock offers good value at the current market price. The stock underperformed other UAE banks in 2014, with a total return of +6.3%. It trades at discounted multiples relative to banks in the region and in the UAE, and the TTM P/B is at roughly 1.0x. Although the bank is conservative and does not offer the same growth profile as some of its peers, leading to the discount on relative multiples, it is still able to generate returns well above its cost of capital and does not deserve to trade perpetually at par with its book value.

The bank is very well-capitalized (Tier 1 of 18.1% as of Q3 2014) and is in a position to either return excess capital to shareholders or increase the rate of growth of its risk-weighted assets. Given the bank's conservative track record, we think there is low probability of the bank increasing cash dividends materially, but such an increase would offer upside surprise for the stock price. Credit provisions and negative revaluation adjustments for property have been a drag on the bank's earnings in recent years. The bank should reach the regulatory minimum for general credit provisions by Q4 2014, and the real estate environment in the UAE has improved, so the bank could see better earnings growth in 2015 as those drags recede. We see good value in the bank and believe the market will eventually see that value, though it seems likely that the catalyst will be the bank's ongoing slow-but-steady overall performance rather than a single catalyst.

GISS DRLLS FOR VALUE

After a very strong 2013 (+103%), GISS maintained its momentum in 2014 driven forward by all four of its booming engines; the share price ended the year up +99%.

GISS is one of the rare opportunities to gain exposure to the GCC's and specifically Qatar's oil & gas natural resources. The company is split into four units each catering to Qatar Petroleum, with whom the company enjoys a 'special' relationship. The core driver is the drilling unit which owns and operates a number of offshore and onshore drilling rigs that are contracted over the long term to QP and its clients. The other three ancillary businesses include: a helicopter business (to transport people to and from the rigs), an insurance business (to insure the rigs and QP personnel), and a catering business (well you get the drift).

The drilling business is in the middle of an expansion program that grew the fleet from 5 offshore rigs in 2012, to a total of 9 last year, with one more rig set to join the fleet in 2016. Additionally, the same program, with modifications, doubled the onshore rig count from 4 to 8 over more or less the same time period. Notably, the other business units have begun evolving to diversify away from QP, such as the insurance business successfully offering medical and life insurance services elsewhere in the Qatari market as well as to global corporations.

This expansion program has propelled earnings and dividends growth, something we have a clear picture of as the company has provided a comprehensive 5-years business plan (including disclosed targets), a welcome transparency in this oft opaque part of the world. The positive forecast coupled with favourable terms offered by QP when renewing the contracts for the drilling business, in the form of premiums to prevailing daily rates as well as longer tenures, amplified our comfort with GISS quickly, elevating the stock to a top 5 position. The icing on the cake was the acquisition of a minority share from the Japanese partners for the drilling business at book value early in 2014.

However, given the company's indirect exposure to oil price (as it obviously plays a factor during the negotiations when the company is renewing its drilling contracts) the stock retracted from its lifetime peak, trending lower during the final quarter of 2014 (side note: the stock has recovered more than half of the drop). That is despite earnings being shielded over the medium term with 7 of the offshore rigs secured with contracts for the next 3-4 years, and 6 out of the 8 onshore rigs similarly contracted over the next 4-5 years.

We continue to believe in the company; however, we have chosen to adjust our exposure to reflect a possible worst-case scenario over the renewal or perhaps renegotiation of contracts, especially under the current volatile oil market.

THEMES – LOOK BACK AND OUTLOOK:

Our 2014 Themes were:

Favoured	Opportunistic	Less Favoured
UAE Macro	Petrochemicals	KSA Banks
Qatar Macro	Manufacturing	Contractors
Energy Services	Consumer Goods	Fertilisers
KSA Infrastructure (ex-Contracting)	Telcos	

Starting with the 'Favoured' silo, we were in favour of the UAE and Qatar macro pictures and the Energy Services and KSA Infrastructure (ex-Contracting) sectors.

We were overweight the UAE and Qatar due to our positive view on the macro environment of these markets and their impending graduation to EM status, although as always driven by bottom-up fundamental conviction. The UAE represented about 27% of the AMF and Qatar 15% over the year. Qatar was the second best performing market for the year up +18.4% while the UAE came in fourth place with Dubai up 12% and Abu Dhabi 5.6%. This translated into positive attribution as both markets together contributed around 44% of our total return on a relative basis.

Our selection and timing in the Energy Services sector was optimal, as we picked the only positive performing stock (GISS) and succeeded in timing (not usually our forte) the exit of the underperforming stocks while they were still profitable positions. We held a relatively large position in GISS throughout 2014, as its average weight in the portfolio for the year was over 7%; this contributed positively to our alpha and total return. The other names that were exited earlier in the year were Petrofac and Renaissance, both of which closed out 2014 in the red; Petrofac was down-43.5% and Renaissance -1.85%. However as mentioned, both holdings contributed positively to our return due to good timing.

Our thesis on KSA infrastructure didn't play out as expected, due to weakness on the back of labour reform and related delays in upgrading factory capabilities, and we had to review our positioning through the year. We were invested in Saudi Steel Pipes, with an average weight of about 4% for the year, which cost the portfolio -1.8% on a relative basis.

On to the "Opportunistic" silo, we were positive on Petrochemicals, Manufacturing, Consumer Goods, and Telco sectors.

Despite being a largely disappointing sector, we did well on being opportunistic with our Telco exposure in 2014, having invested well in STC earlier in the year (when the company sold its underperforming Asian assets and raised its dividend) and having avoided the Mobily debacle completely. Manufacturing on the other hand was our main weakness from this silo, as many of the retracements that took place in Q4 were more aggressive in these names. We largely avoided the Petrochemical sector in 2014, having had only minimal exposure to SABIC earlier in the year. Lastly, weakness in Consumer Goods positions was offset with strong contribution and returns from holdings in Altayyar and Almarai, which together accounted for over 16% of the AMF's return on a relative basis.

Finally, the "Less Favoured" themes for 2014 included KSA Banks, Contractors and Fertilisers sectors. We made the correct call in avoiding both the contractors and fertilisers, notwithstanding Arabtec's outstanding rally, which we could not defend investing in from a fundamental perspective. As for Saudi Banks, we missed some upside as some of the banks showed good performance throughout the year, ending up over 20%. We did have some exposure to Saudi banks over the course of 2014, but those investments unfortunately culminated in a small negative contribution to the portfolio return, as they were lower-conviction holdings and our entry and exit timing did not work well.

As promised, here is a quick look at our take on themes for 2015:

Favoured	Opportunistic	Less Favoured
UAE Macro	Qatar Macro	Petrochemicals
Consumer Goods	Energy Services	Contractors
Egypt Macro	KSA market open	Telcos
KSA Insurance	IPO opportunities	

A MILLION POUND MORTGAGE OR JUST A MIRAGE – How Do We Measure Addressable Demand In Egyptian Real Estate?

Egypt is a crowded place, with close to 90 million people jostling for space on a narrow strip of land by the Nile. Our recent team trip to Cairo brought home how voraciously Egyptian residential real estate demand is consuming what even 10 years ago (when 2 team members lived in Egypt) was verdant farmland…instead of wheat and corn, Egyptians around Cairo are skilled at growing red brick 15-20 story apartment blocks in so-called 'ashwa'iyat' or informal communities.

Real estate analysts in Cairo estimate that unmet demand for new homes in the city is around 300k units today, and growing by 10% per annum, as supply cannot keep up with demand. In context, this unmet demand is equivalent to nearly the entire current housing stock of Dubai, and growing – especially given the baby boom in Egypt that's been reported post-revolution! A large portion of the demand-supply gap should be filled by the raft of social housing projects scheduled for completion over the next 2-3 years (excluding Arabtec's infamous 'million unit housing project' which we heard on the ground is likely be to scaled down by about 80% and drawn out over several years)… but that still leaves annual new demand for units at 350k…the entire Gulf would need to be dredged to create enough manmade islands to supply that kind of demand in Dubai!

The challenge for our team has always been to reconcile the overwhelming demographic element of Egyptian real estate demand with the average Egyptian consumer's extremely limited resources. A recent investment bank report highlights that Egyptian average household income in 2014 totals only USD 315/month (EGP 2,250/month), 70% lower than average household incomes in Dubai. Even on Talaat Moustafa Group (TMG)'s 17 year payment plan (at 40% of salary) at Madinaty, this translates into an affordable unit valued at less than EGP 200k – around half of the cost of constructing a small 1 bed unit. This divergence caused us to question the viability of Egyptian developers' long term demand outlooks…how could Emaar Misr confidently tell us that they've raised prices and easily sold EGP 5-10 million units when Cairo Poultry claims that their fresh chicken supermarket sales volumes are limited due to affordability?

To answer this question, we went to the source: the hoteliers, real estate developers, carpet makers, car makers, drug makers, and cheese makers of Egypt (employers of many, many middle class Egyptians) and asked them what their workers' average salaries were at different grades of seniority…to their surprise. Perhaps expecting a discussion of export market subsidies or construction costs, they walked us through their wage structures and views on how affordable housing was for their workers and where they lived. In doing so, they confirmed our thesis that the 350k units per annum number bandied about by sell side analysts and on the first page of every Egyptian real estate developers' presentation was a canard. Real addressable demand (households earning EGP 10k/month, or 4x the average) is likely around 75k units per annum…

Despite cutting demand by 80%, Egypt's developers today meet less than half of this annual demand of 75k, explaining why prices have increased at ~10% per annum over the past 7 years, despite a global financial crisis, a revolution, a revolution 2.0, and a lot of yelling and screaming on Egyptian satellite TV channels about the high cost of housing. Together, the listed developers are handing over around 20k units per year, while other large private developers hand over a further 20-30k units. Unlike their poorer brethren, Egyptians looking to buy an EGP 1 million home in Madinaty are not building their own homes in the ashwa'iyat around Cairo…they're bidding up off plan real estate prices for deliveries 4-5 years out in anticipation of their needs and those of their children.

This sustained pressure of demand above developers' capacity will likely support Egyptian real estate prices over the coming period, and it is pushing developers to expand their offerings and to acquire additional land banks – sometimes at prices 4-5x higher than their original land bank procurements in the late 1990s. As court cases around land banks against developers are settled and dropped (a process that should be complete in 2015), developers are once again free to expand their projects – hopefully meeting some of the unmet demand particularly at the lower end of the addressable market…so no man made islands in the Nile for now but a few versions of Dubai's International City development in the desert would be very welcome for the mid-level management cadres of many of Egypt's listed companies…

HAMBURGERS, HAIR STYLING AND HOSPITAL BEDS

While the world worries about the price of oil, we've decided to drill down a little further and take a look at the people. The consumer story in Saudi Arabia is a familiar one - a population of nearly 30 million, high GDP per capita and a growing middle class. We continue to believe the long term potential of the market is very attractive, despite a few inevitable bumps along the way. With population growth slowing and spending power changing hands, now more than ever it is important to look more closely at the demographics. From 2006 to 2013, the major consumer companies in the Kingdom achieved revenue and net income growth CAGRs around 20%+ annually, largely a result of pent up demand and under penetration in the market. Now after a few years of strong growth, the tides once again are shifting and it is time be much more selective and ask the question, who will be buying what over the next five years?

According to GfK TEMAX (a technical consumer goods index), in 2012 much of Saudi's technical retail spending was dominated by electronics, namely smartphones and big screen TVs, but as 2014 rolled over we started to see a shift towards small household appliances and consumables…so, what is driving this change? We like to call it the rise of the Saudi soccer mom (or football mum if you prefer, but the alliteration is weaker). What we are seeing is that women are the fastest growing segment of the labour force and command an average wage nearly 50% higher than men in the private sector, largely a result of the type of jobs they do. Saudi females made up only 0.8% of the labour force in 2010, expanding to 4.1% in 2013; if fact, some estimates show the number of Saudi women in the workforce increasing 10 fold between 2011 and 2014. In any case, everyone agrees that 2013 was a turnaround year which saw more Saudi females join the labour force than Saudi men and the average salary for females has grown at an 8-year CAGR of 6.7% compared with 5.4% for men. Accounting for this evolution, the undeniable reality is that women are slowly but surely controlling a larger piece of the household spending pie, which in turn has moved spending habits away from smartphones and TVs, and driving (pun intended) back to basics spending on consumer staples and small household appliances designed for convenience and to support Saudi women 'on-the-run'. According to the WEF Gender Gap Index, Saudi Arabian women scored only 0.24 on the economic participation index in 2006, improving to 0.389 in 2014. This compares with economic participation scores of 0.41 in India and 0.656 in China.

But it's not just the women who are driving this change in consumption. With nearly 1.2 million people joining the private sector labour force in 2013 and average monthly wages continuing to expand, we expect to see spending growth across the country, albeit at a slower rate. As we are entering 'peak child' years in Saudi (expected to peak in 2015 and start slowing from there), the young population will push demand higher in everything from children's wear and branded apparel to fast food. At the other end of the spectrum, the proportion of Saudi citizens over 65 years old is expected to grow 6% annually until 2025, leading to continued demand for private healthcare investment.

It is no secret that Saudi consumer stocks have performed well over the past two years, but with the recent fall in oil prices and general uncertainty facing global markets, the expanding valuations have taken a bit of a breather offering more attractive entry points as we have discussed elsewhere in our letter. The overall Saudi market has traditionally traded at a premium to EMs (especially when you remove the banks from the equation), due to its attractive demographics and very high GDP/capita and overall wealth. Since the beginning of 2013, the Saudi retail/healthcare index's forward P/E multiple expanded from 14x to a peak of 32.5x in June 2014, now retreating back to 20.4x. This puts valuations lower than the MSCI EM consumer staples forward P/E of 21.2x for the first time in over 12 months.

We believe that these statistics and the developments in Saudi demographics underscore why now, more than ever, is the time to focus on bottom up analysis, rather than simply relying on market moves based on MSCI Emerging Market inclusion. Now is the time to follow the Saudi Soccer Moms and be selective.

EXODUS AND RETURN OF THE SAWIRIS BROTHERHOOD.

Over the past few millennia Egypt has played host to more than its fair share of exoduses, beginning with the most infamous and eponymous, and culminating with the departure of the European bourgeois from Alexandria during the latter half of the 20th century. In most cases, the departing masses didn't necessarily look back to Egypt with hope and promise that someday they may return, which is understandable as these exoduses were, for the most part, a flight to safety of a persecuted minority whose indigenous homeland lay elsewhere. In contrast to historical examples, the past decade has embodied a different type of exodus (perhaps stretching the meaning of the word a bit here), this being a particular reference to the actions taken by many technocrats, captains of industry, and businessmen of various shapes and sizes. The main difference has been that most of those leaving did so with one foot still firmly planted on Egyptian soil and with an implicit understanding that their right of return would be exercised in the near future. Personification of this trend and its about turn is neatly depicted through the actions of Egypt's other brotherhood, the Sawiris brothers, who (given their diverse business interests) are well positioned as a proxy for the Egyptian economy in general.

We had tried to use the brothers' success stories as a proxy to the evolution of Egypt's capital market in a piece that we wrote seven years ago that was rather uninspiringly named the "The Orascom Trilogy". When we penned the op-ed all three brothers had, for all intent and purpose, conquered their corners of the Egyptian market and were actively looking to diversify the operating businesses to economies outside Egypt. We had pontificated that it may be Samih Sawiris' turn to outshine his siblings over the coming period; that certainly did not happen. What did happen however, and back to the analogy of exodus and return, was an interesting and probably not all that coincidental move away from Egypt for the brothers. Diversifying away from Egypt had been clear from the beginning, but the surprises came when each of the brothers in his own way went a step further and significantly distanced themselves from Egypt altogether: Naguib breaking up OT and selling to VimpelCom and France Telecom, Nassef selling to Lafarge and then delisting OCI from Egypt and moving it to the Netherlands, and Samih establishing ODH in Switzerland and marginalising operations of OHD in Egypt.

These moves, although largely unexpected pre Arab Spring, did provide their share of chatter in certain echelons within Egypt. Early in 2009 (Lafarge deal had been executed, Andermatt was on the horizon, and WIND in Italy was taking up more of Naguib's time than OT in Egypt) one of our team members happened to be at a dinner held in honour of a visiting reporter from the Economist. Understandably, much of the talk around the table centred on Egypt's macro picture and its future prospects, with the Sawiris' success stories being alluded to frequently. At one point the guest of honour queried as to why their business expansions seemed to be increasingly positioned away from Egypt, and someone half-joked that maybe they knew something the rest of us didn't; in reality they probably did. The question today is, do they know something again?

Having led an exodus of the business elite over the past few years, the Sawiris brothers seem to be at the helm of the homeward-bound ship that is making its way back to Egypt's shores. Not coincidentally, the shift back towards Egypt has been in the wake of the removal of the Morsi government, which had preoccupied itself with a witch hunt and digging its heels into the ground, rather than improving the country's socio-economic picture post revolution.

Over the past 6 months, Naguib Sawiris, who sold most of his interests in Mobinil, and merged his international portfolio with that of VimpelCom, has been quoted on more than one occasion that he is dedicating the next stage of his career and not an inconsiderable portion of his fortune to investments in Egypt. He seems to be keeping his distance from the telecoms race in Egypt, and with Telecom Egypt being on the verge of entering the 4G market, we think that maintaining his focus elsewhere is the right decision, as TE will most likely crowd out the market with its delayed entry. Last summer, he led a bid to acquire a large stake in EFG of 17.8%, with the help of Beltone who would acquire an additional 2%; the bid failed but the 30% premium offered at the time showed the seriousness of the tycoon's interest to return with force. Since then Naguib has been linked to numerous projects mainly on the renewable energy front, where much of Egypt's build out will be directed over the coming 5 to 10 years.

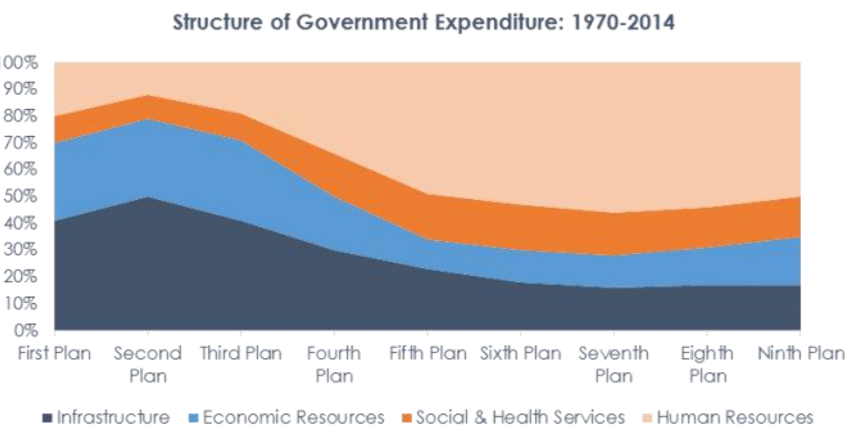
As for arguably the sharpest and most business savvy of the three brothers, Nassef, who still owns 16% of Lafarge and had successfully made headway in the fertilizer market, is currently looking to relist OCI in Egypt. How a return to Egypt for what was at one point the largest publicly listed entity by market capitalisation will shape up is anyone's guess at this point. It is possible that only a portion of the firm, either construction or fertilisers, will make a return, as talks of a demerger of the two business lines continue to float around the ether. More importantly, from an actual business perspective the contracting arm of OCI seems to be involved with every major infrastructure development in the country, ranging from low income housing projects, to the expansion of the Suez Canal and the myriad of renewable as well as traditional energy projects. What the future of the fertiliser business is given the continued lifting of subsidies is unfortunately less clear, but if history is anything to go by, Nassef Sawiris will somehow find a way of coming out on top, as he done with other disparaging situations (the USD 1 billion fine for tax evasion – or rather avoidance as the case may be – comes to mind).

Finally, we come to Samih Sawiris, the middle brother who is sometimes referred to as the black sheep of the family, mainly because despite being a successful billionaire, he has been thus far overshadowed by Nassef and Naguib. Samih found success in the 90s and early 2000s as he established Gouna, a Red Sea destination that eventually grew to become one of the most popular destinations for Cairenes on the weekend. Beyond that he has been replicating the mixed use managed community model elsewhere, with interesting projects in Oman, Mauritius and Jordan. Chief among his ex-Egypt expansions is Andermatt, which allegedly forced his hand to re-establishing OHD in Egypt as ODH in Switzerland. This decision happened to coincide with the continued onslaught his family received from Morsi's government in 2012. Today, however, in not dissimilar fashion to his brother Nassef's modus operandi, he is looking to return the OHD's/ODH's primary listing to the EGX; the Andermatt project notwithstanding.

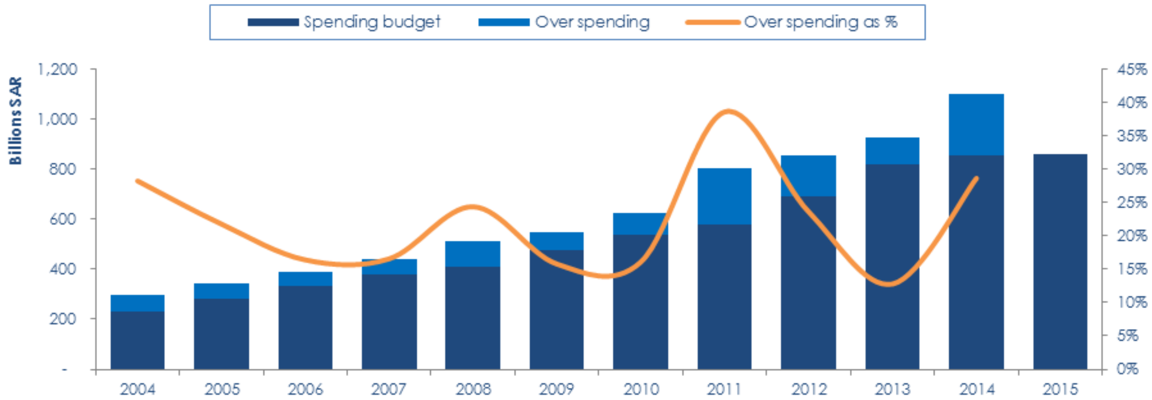
In Egypt, as in the world in general, rules of thumb for investing are not difficult to come by. Some of the most popular ones such as "sell in May and keep away" hold true in Egypt as elsewhere. Others are more country specific, such as CIB will always lead the market, or in the summer it's too hot to trade. Another popular idiom is "you can't go wrong investing behind a Sawiris", and while we at Ajeej would like to exercise considerably more due diligence than that when allocating capital, the brothers' trends out and now back into Egypt are difficult to miss, and certainly should serve as positive signals to anyone looking to make long term investments in the land of the Nile.

SAUDI BUDGET: ON THE RESOLUTE PATH

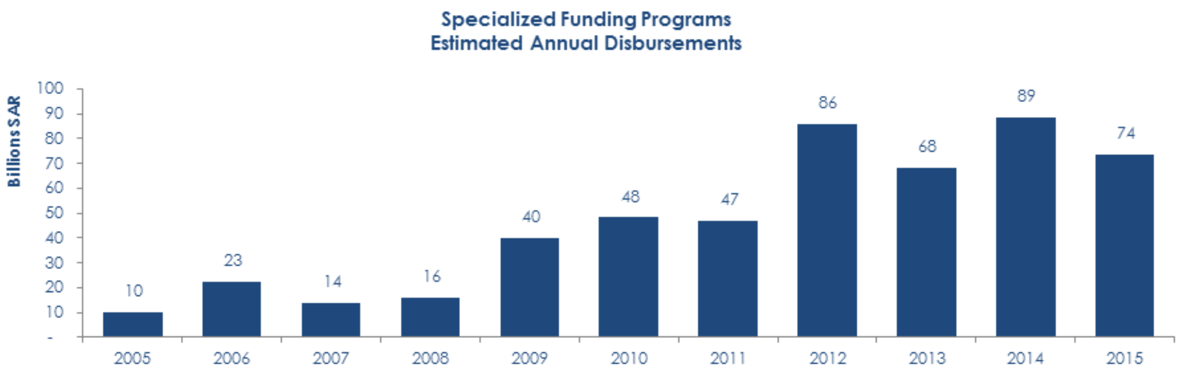
There were no surprises in the much anticipated Saudi budget announcement for 2015, heightened by the current turbulence (oil price volatility, politics, etc.). The main focus of the government has been to catch up in developing the infrastructure in education and medical services as part of its aim to raise the living standards of the population. For example, work is in progress to raise hospital beds per 1000 of the population from 2.1 (as of 2012) to be more in line with higher levels found in developed countries (e.g. USA 2.9, France 6.4, etc.). Moreover, spending on education plays a key role to cater for the famously young population. The government increased the number of schools from 3,098 in 1969 to 34,749 in 2011. Moreover, the recently launched "King Abdullah Foreign Scholarship Program", which has been referenced elsewhere in this letter more than once, reached ~250,000 students (including their families) in 2014.



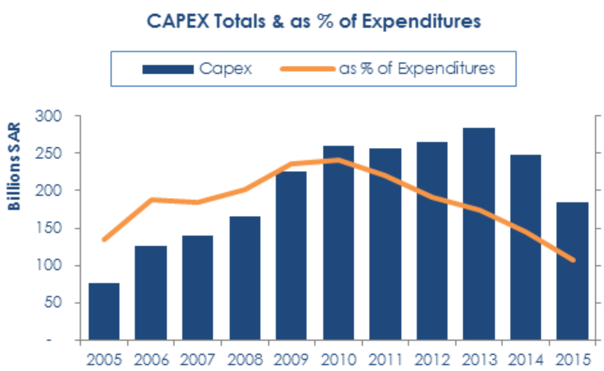
With 2015 being the first year of the new 5-year development plan, there was a shift in focus towards the quality versus quantity of spending. This shift happened to coincide with the recent decline of oil price, which contributes nearly 90% of revenues to the budget. However, with ample reserves and low public debt (USD 11.8 billion or 1.6% of GDP) there are no concerns on the government's ability to sustain its strategic objectives.

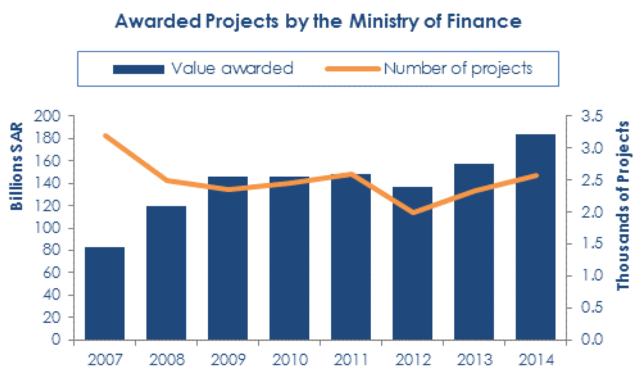


There is a renewed determination to prioritize diversification of income sources of the economy, targeting the non-oil sector to double its contribution to government revenues to 20%. The government continues to push on fostering vertical diversification for better utilisation of natural resources (upstream and downstream) as well as horizontal diversification by encouraging investments in manufacturing, industries, etc. (capital investments in factories by the private sector grew by a CAGR of 12.9% during 2005-2014). The government continues to provide access to low-cost financing programs and incentives in certain areas of the economy, but there is more to be desired from a regulatory perspective.



On the other hand, the budget highlighted the rationalisation of the wage bill which amounts to 50% of spending. This rationalisation will put more pressure on the private sector, in addition to the upcoming third phase of the Nitaqat program designed to increase Saudisation levels while attempting to reduce unemployment.





Perhaps the 2015 budget does not serve as the best proxy to signal government fiscal prudence amidst a low oil environment given the pre-committed nature of allocation. However, we will have greater visibility later on in the year as we begin to see an expected deficit of USD 60 billion grow particularly if oil persists at these levels. In theory this would necessitate a withdrawal of USD 40 billion from the USD 800 billion kitty, which whilst manageable reflects a new paradigm.

Ajeej MENA Fund Monthly NAVs 2014

2014 Monthly %	J	F	M	A	M	J	J	A	S	O	N	D
Issued Shares	8.3%	5.8%	3.8%	6.0%	1.9%	-6.1%	7.8%	5.8%	3.0%	-3.2%	-4.6%	-2.7%
Class A Shares	8.3%	5.8%	3.8%	6.0%	1.9%	-6.1%	7.8%	5.8%	3.0%	-3.2%	-4.6%	-2.7%
Class L Shares**	n/a	6.4%	4.2%	6.1%	2.5%	-7.2%	9.2%	6.7%	2.4%	-4.3%	-6.4%	-3.4%
S&P Pan Arab	3.7%	4.1%	3.2%	2.7%	3.4%	-6.7%	8.5%	6.1%	-1.3%	-6.2%	-9.9%	-3.8%

Ajeej MENA Fund Historical Performance

	Issued Shares	Class A Shares*	Class L Shares**	S&P Pan Arab	MSCI FEM	MSCI EM	MSCI World
2007	25.7%	--	--	24.5%	7.9%	3.4%	-2.7%
2008	-47.4%	--	--	-50.7%	-57.0%	-54.5%	-42.1%
2009	16.1%	--	--	18.4%	20.8%	74.5%	27.0%
2010	6.6%	6.4%	--	17.4%	24.4%	16.4%	9.6%
2011	6.3%	6.0%	--	-10.5%	-20.5%	-20.4%	-7.6%
2012	11.6%	10.4%	--	6.9%	16.9%	15.1%	13.2%
2013	57.4%	51.1%	--	26.6%	1.2%	-5.0%	24.1%
2014	27.4%	27.4%	15.6%	2.0%	3.9%	-4.6%	2.9%

	Issued Shares	Class A Shares*	Class L Shares**	S&P Pan Arab	MSCI FEM	MSCI EM	MSCI World
1 year	27.4%	27.4%	--	2.0%	3.9%	-4.6%	2.9%
3 years	123.9%	112.7%	--	38.0%	23.0%	4.4%	44.6%
5 years	153.8%	--	--	45.0%	21.6%	-3.4%	46.3%
Inception AMF	95.0%	--	--	5.4%	-31.9%	-20.6%	4.7%
CAGR	9.6%	--	--	0.7%	-5.1%	-3.1%	0.6%

* Class A Shares were launched as of the start of July, 2009.
** Class L Shares were launched as of the start of February, 2014. Starting NAV for Class L Shares was set to the closing NAV of Class A Shares as of the end of January, 2014.

Country Allocations

Provided to investors only

Sector Allocations

Provided to investors only

Ajeej MENA Fund Terms

	ISSUED SHARES & CLASS A SHARES	CLASS L SHARES
Minimum Investment	USD 1mln (Issued Shares are closed)	USD 40mln
Annual Management Fee	2% of NAV	1% of NAV if invested by July, 2014, 1.25% of NAV thereafter
Performance Fee	20% of profits with a hurdle rate of 8% gross return, and a High Water Mark	25% of alpha over the benchmark: S&P Pan Arab Large & Mid-Cap NTR
Lockup Period	1 year (soft lockup – 5% penalty if broken)	
Liquidity	Monthly (with 30 days notice)	
Currency	USD	
Investment Manager	Ajeej Capital (DIFC) Limited	

Top 5 holdings in the Ajeej MENA Fund

Provided to investors only