

QUARTERLY MARKET SUMMARY AND KEY UPDATES

3rd Quarter 2017

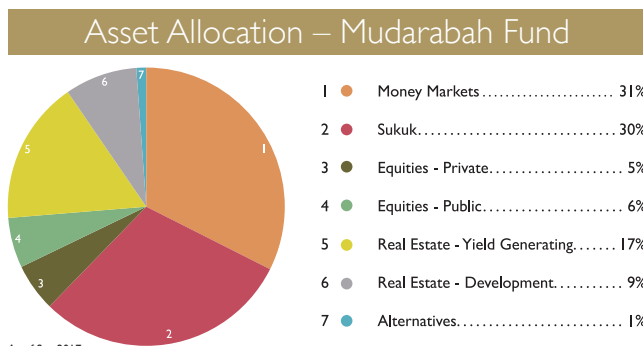
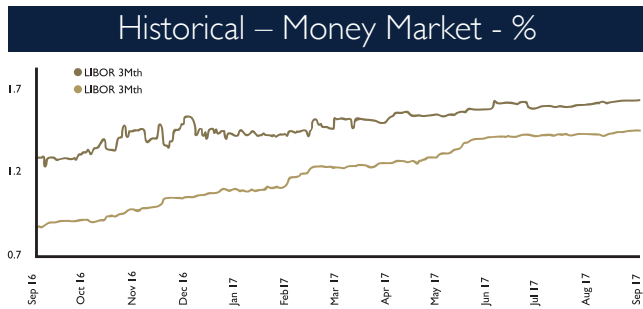
November 2017

Market Data	Region	Values	QTD Change	YTD Change
Equities - Global Indices				
S&P 500	US	2,519	3.96%	12.53%
FTSE 100	UK	7,373	0.82%	3.22%
CAC 40	France	5,330	4.08%	9.61%
DAX	Germany	12,829	4.09%	11.74%
NIKKEI	Japan	20,356	1.61%	6.50%
Equities -Emerging Market Indices				
SHANGHAI COMP	China	3,349	4.90%	7.90%
Equities -Middle East Indices				
EGX30	Egypt	13,889	3.68%	12.50%
Equities - GCC Indices				
TADAWUL	Saudi	7,283	-1.92%	1.01%
KWSEIDX	Kuwait	6,680	-1.23%	16.21%
DFMGI	Dubai	3,564	5.07%	0.94%
ADSMI	Abu Dhabi	4,397	-0.63%	-3.28%
DSM	Qatar	8,312	-7.95%	-20.35%
MSM30	Oman	5,137	0.37%	-11.16%
Commodities				
OIL (BRENT)	US	57.54	20.08%	1.27%
GOLD	US	1,280	3.07%	11.53%
Fixed Income - Middle East Indices				
JCADSUTR - SUKUK	Middle East	164	1.34%	4.34%
JCADAETR - BONDS	UAE	203	1.51%	4.70%
Money Market				
LIBOR 3 MTH	US	1.33	2.67%	33.67%
EIBOR 3 MTH	UAE	1.56	2.85%	5.59%
Credit Default Swaps (CDS)				
SAUDI ARABIA CDS USD SR 5Y	Saudi	85.62	-26.01%	-24.40%
ABU DHABI CDS USD SR 5Y	Abu Dhabi	59.78	-2.19%	-2.40%
DUBAI CDS USD SR 5Y	Dubai	129.34	-2.03%	-13.83%

Source: Bloomberg as of 30 Sep 2017

Key Banking Indicators	Value (AED Bns)
TOTAL LOANS	1,579.00
TOTAL DEPOSITS	1,582.20
CERTIFICATE OF DEPOSITS HELD BY BANKS	114.10
Key Banking Indicators	Value (%)
LOAN TO DEPOSITS RATIO	99.80%
CAPITAL ADEQUACY RATIO	18.50%

Source: UAE Central Bank, latest Available as of Aug 2017



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Economic Highlights

Economies around the globe strengthened. US job vacancies hit the highest level since 2000, more jobs are available per applicant in Japan than at any point since 1974, UK unemployment rate is lowest since 1975 and Eurozone consumer confidence is at its highest since 2001.

In light of economic data, central banks indicated reduced stimulus. US Fed announced it will start the process of "quantitative tightening" or reduction in the size of its balance sheet while suggesting another rate rise on the cards for December. ECB set to announce further slowdown in the pace of QE program & BoE strongly suggested raising interest rates before the year is out.

The US 10yr closed at 2.3336% (+3bps), the German 10yr was flat at 0.466% and the UK 10yr closed at 1.365% (+11bps).

Fixed Income

Saudi Arabia started its local currency sukuk program raising SAR 17bn (\$4.53bn) in July, SAR 13bn (\$3.5bn) in August and SAR 7bn (\$1.9bn) in September in 5, 7 & 10 year tranches. They also raised \$12.5bn from USD bond sale (its second), selling \$3bn of long 5yr, \$5bn of 10yr, \$4.5bn of 30yr priced at 110 bps, 145bps, 180 bps over UST respectively. Order books over \$40bn or 3.2x

Bahrain raised \$3bn in 3 tranches, a 7.5yr \$850mn sukuk priced at 5.25%, a \$1.25bn in 12yr bond priced at 6.75% and \$900mn due in 30 years at 7.5% with order books over \$15bn.

IDB launched a \$1.25bn 5yr Sukuk issue at MS + 37bps and Meraas issued a \$200mn tap of its 2022 sukuk, priced at a 4.991%

Mudarabah Fund

The fund developed steadily throughout the last quarter and we were very active across major asset classes, focuses on yield generating assets including Fixed Income via primary issues & Real Estate ready assets. Driven by a positive sentiment and increased stability, market ended the 3rd Quarter in a robust mode, which helped the fund to continue in its decent performance being achieved so far for 2017 and outperform our budget.

Equities

Dubai, the best performer closed up 5.07%. Positive performance was driven in July by financial services, telecommunications and select real estate property developers. Lackluster market performance followed toward the end of the quarter.

Qatar, the worst performer closed down 7.9%. Relations with Gulf neighbours remains strained with no resolution in sight.

KSA closed down 1.9% mainly due to weak corporate earnings and FTSE's decision to delay the possibility of upgrade to Mar'18.

Kuwait closed down 1.2%. Under performers included the consumer goods and technology. Telecommunications outperformed the index. FTSE upgraded Kuwait to secondary emerging market status; USD700mn in passive inflows are expected.

Abu Dhabi closed down 0.6% mainly due to weaker economic conditions. Dana Gas was a notable outperformer, up 18.8%.

Real Estate

In Abu Dhabi, macro-economic factors remain an ongoing challenge. Reduced public spending and redundancies depressed rents & prices across all segments except industrial warehousing. Average residential prices declined to AED 1,150 psf. Prime and secondary office rents declined to AED 1,800 psm and AED 900 psm.

In Dubai, prospects are slightly better with average residential prices at AED 1,284 psf and transactions up 6.4% Y-o-Y. Prime and secondary office rents stand at AED 220 psf and AED 200 psf. Industrial market rents have largely remained flat.

In Jeddah office rents declined a further 2% and vacancies increased to 14% due to weaker demand and new supply additions.

In Riyadh, the retail market remains undersupplied by almost 1mn sq m of GLA according to Knight Frank.

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