

# Emirates NBD Global Fund of Funds

## Dynamic asset class management and innovative thematic positions

The Emirates NBD Global Fund of Funds are multi-asset class investment solutions designed to smooth out the volatility of normal market cycles. Through broad strategic, and tactical, asset allocation, Emirates NBD Asset Management – the MENA Asset Manager of the Year\* - seeks to give investors the upside associated with long-term investment but attempts to remove some of the downside so prevalent following the global credit crisis.

### The funds have a number of benefits for long-term investors and savers:

- > Diversification across six assets classes: Cash, fixed income, equities, real estate, alternatives and commodities
- > Active manager selection: seeking the world's top managers to exploit investment themes. Emirates NBD AM is not tied to a single manager and invests with the best investment talent it can find such as Orbis, GAM, PIMCO, Aberdeen, SWIP, Allianz, Schroders and many more
- > Active asset allocation: Emirates NBD AM will bias the portfolio to assets it believes represent the best risk-adjusted returns through a complete market cycle
- > Excellent long-term risk/reward trade off
- > Access to conventional and Islamic funds
- > Highly liquid: the funds trade daily
- > Easily accessible: the funds are available through Zurich International Life and Friends Provident International and a number of other platforms

### Acceptance matrix and fund codes

The table shows the funds that are available through different life companies and the relevant codes for them.

	Emirates Conservative Managed	Emirates Balanced Managed	Emirates Active Managed	Emirates Islamic Global Balanced
Friends Provident International	Code R93	Code R94	Code R95	Code R92
Zurich International Life Intl Wealth Account	Code Q4USD	Code P4USD	Code O4USD	Code R4USD
Zurich International Life Mirror Funds	Code M4USD	Code L4USD	Code K4USD	Code N4USD

Source: Emirates NBD Asset Management

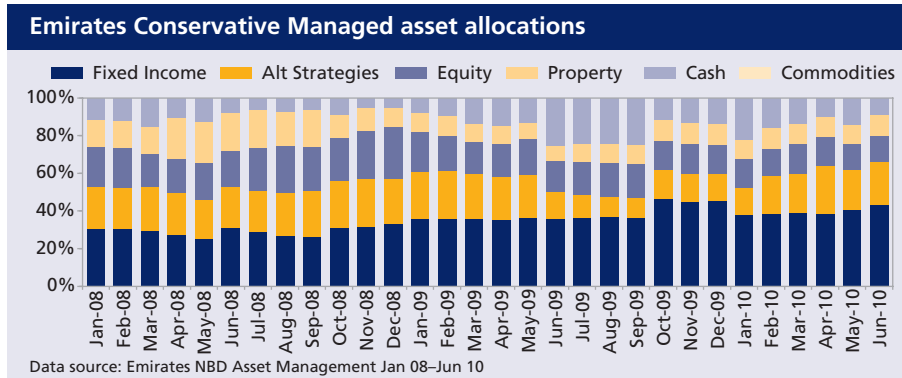
\* MENA Investor Awards, 2009

## Active asset allocation

The Emirates NBD funds are actively managed. The charts below show the moving asset allocation and positioning for the funds as market conditions have changed significantly in 2009 (bull phase) and 2010 (bear phase).

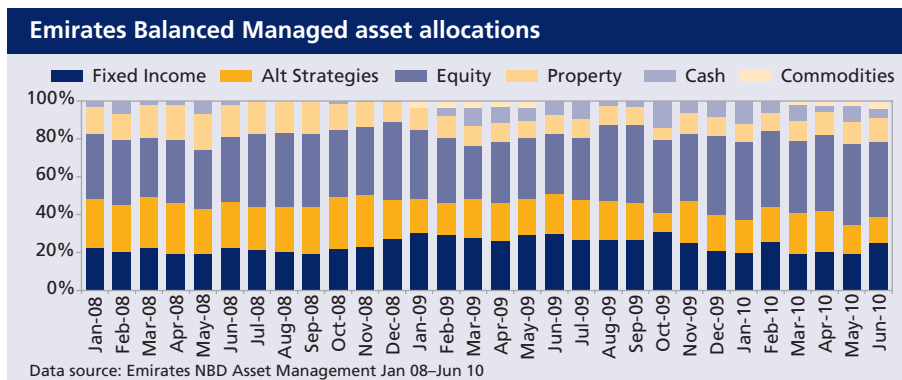
### Emirates Conservative Managed

The fund remains cautiously positioned in 2010 having taken advantage of the rally through 2009. The Manager has remained underweight equities all year and has moved to neutral (short-term) on US treasuries. The fund's exposure to alternatives and property, including Sterling, helped cushion the fund through June.



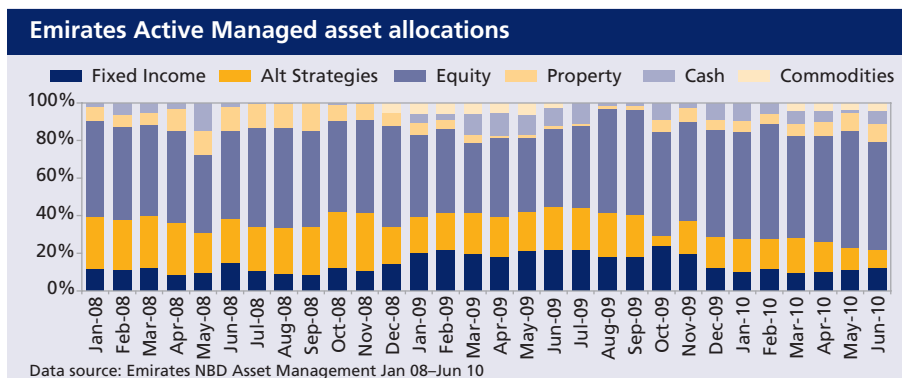
### Emirates Balanced Managed

As the chart shows, the Manager has been extremely active (and in some cases positions have changed intra month). The fund is looking for positions that display low correlations with markets. This is coupled with a defensive stance on equities. Although cautious in the short-term, the manager increased equity weightings at the start of June before taking them down again at the end of the month.



### Emirates Active Managed

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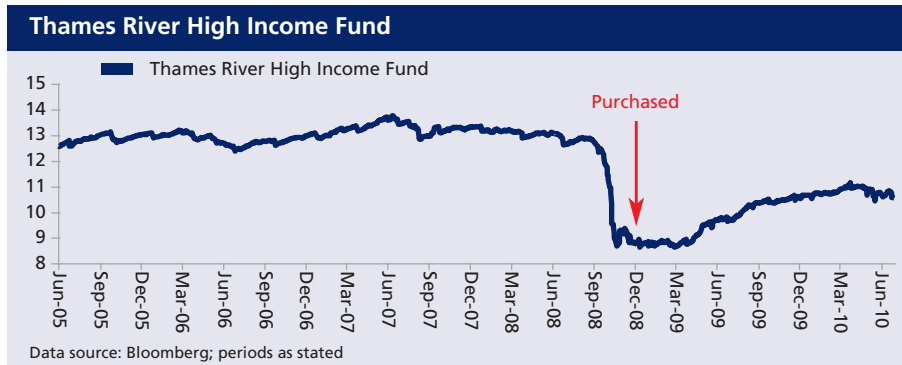


## Historic trade

The investment team seeks thematic ideas to produce additional profits for investors. Many recent active trades have produced outstanding returns for the Emirates managed funds. Some of the investment trades that have been completed or nearly played through include;

### Active fixed income sector allocations

For most of 2008 the funds were cautiously positioned in their fixed income allocations, favouring government and short-dated bonds. The market falls in late 2008 when many corporate bonds fell dramatically as the risk of corporate failure increased following the Lehman Brothers collapse, opened the door to buy undervalued corporate debt. The Thames River High Income fund was added to provide exposure to emerging market debt, corporate bonds and high yield debt. This remains a highly profitable trade.



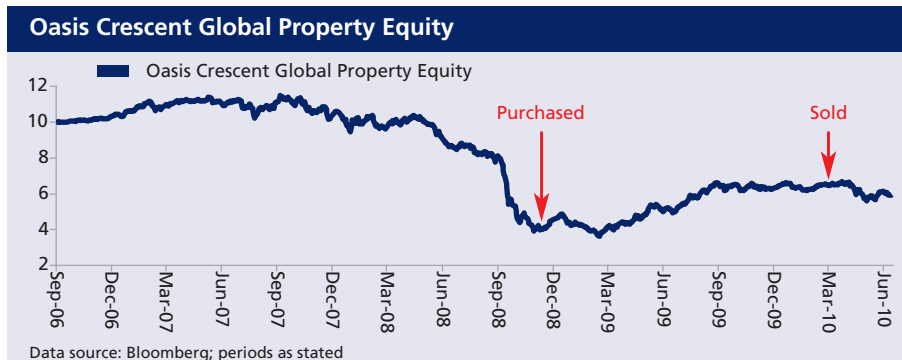
### Profiting from fear in the markets

Uncertainty often manifests itself in financial markets as volatility. The investment team recognised that macro conditions were likely to be shaken as sovereign debt fears in Europe and unsupported equity market rises could eventually lead to potentially sharp falls in asset prices. To profit from this theme the team, added an ETF security that increases in value as market volatility increases. This trade was opened in April 2010 and sold out in May 2010 with a profit of approximately 50%.



### Stockmarket discounting property recovery

Stockmarkets often front-run a recovery, for example, many stocks increase in value before a company announces improved profits. Following the bubble bursting in property, and as finance dried up, property values fell dramatically and so did the value of property shares. As the economic recovery began to take hold, stockmarkets began to discount the recovery of property values and growing strength of tenants. This manifested itself in a sharp rise in the value of real estate investment trusts, a form of property share. Spotting this potential profit early, the investment team added a global REIT fund and sold it following a sharp rise in value.

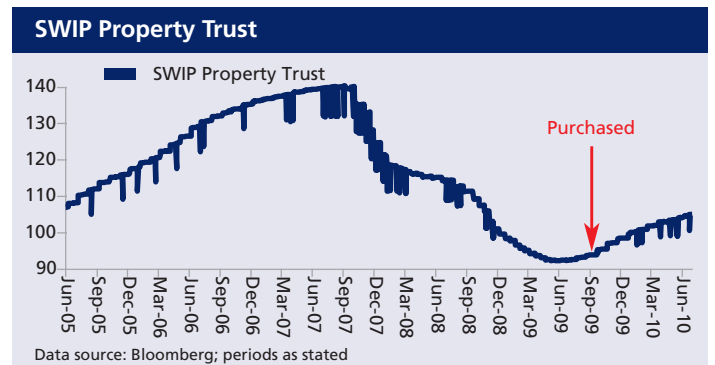
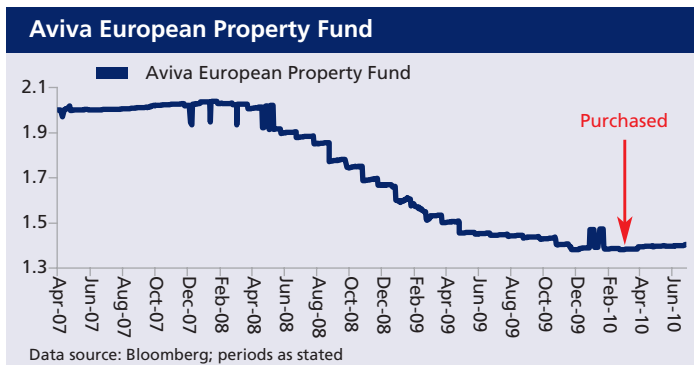


## Current trades

The investment team has added some new positions that are set to take advantage of forthcoming structural shifts or simply added mispriced securities that offer great tactical value. These trade ideas have been taken in anticipation of future developments. Some of these ideas include;

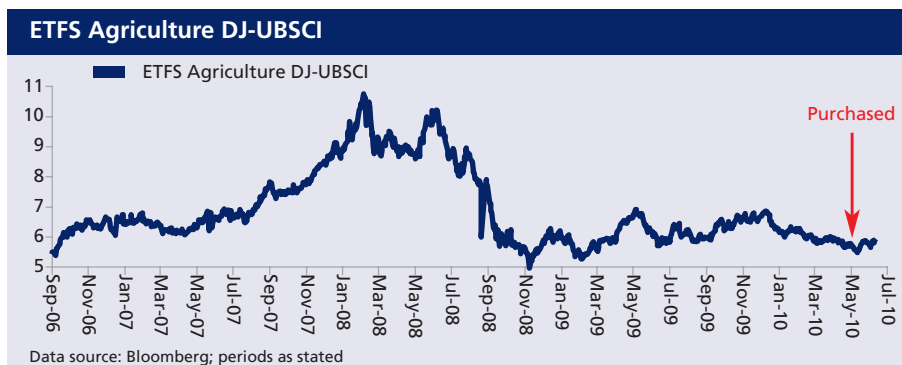
### Recovery of bricks and mortar property

The next stage of the property recovery should be that the value of buildings will increase. Property returns are closely linked to economic growth. As the dire economic conditions pass, and recovery moves through more parts of the economy, property values will increase, stronger tenants will mean more secure income streams and opportunity to increase rents. This next stage of the property recovery is captured through holding two bricks and mortar property funds – the AVIVA European Property Fund and SWIP Property Trust.



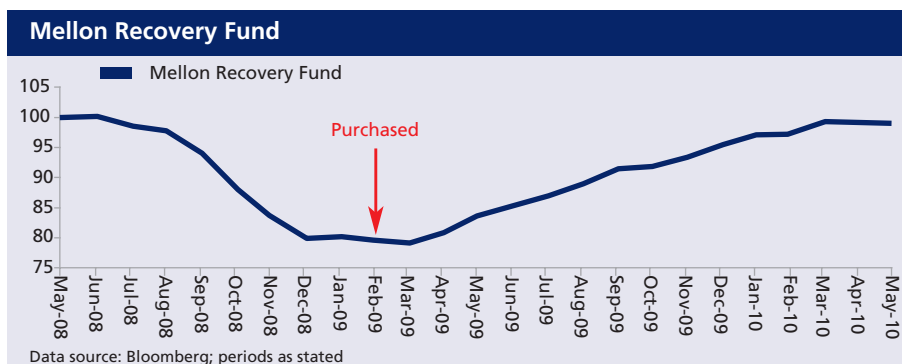
### Profit from food as nations become richer

The big switch in economic power from the developed world to emerging markets means that more people are benefitting from economic wealth. Additionally there are very large populations in the emerging markets to feed. This will require massive amounts of food from limited land resources. This demographic change should manifest itself in high food prices. In anticipation of this structural change, the investment team have taken an investment in agricultural commodities. This is a longer term trade.



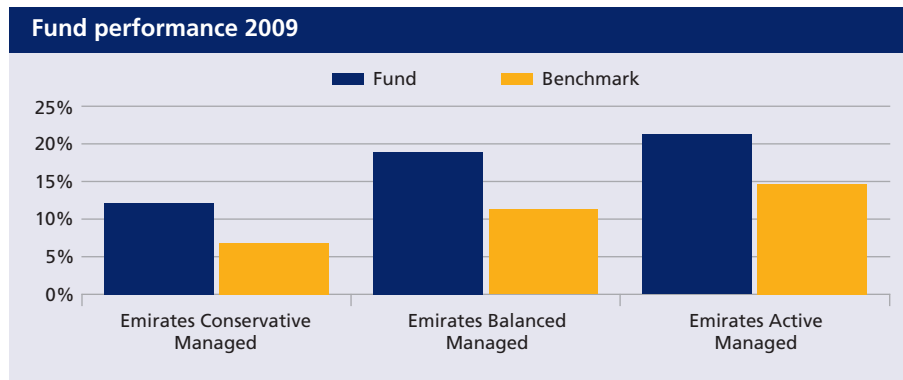
### Distressed debt profits

When economic conditions deteriorate the number of debt defaults increases. This produces opportunities to buy assets at substantial discounts and benefit from the recovery of companies or restructured debt securities. In Feb 2009 the Mellon Recovery fund was added to implement this trade idea.



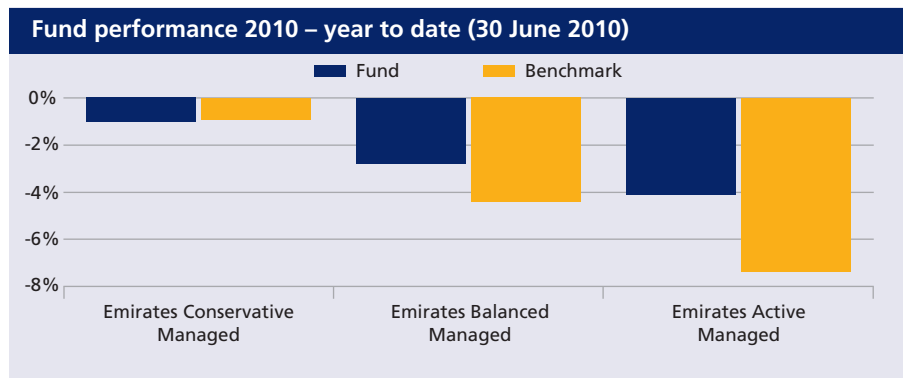
## Fund performance

Of course, the key to any fund is the net returns for investors. The charts below highlight consistent outperformance across the managed range in testing market conditions.



2009	Fund (net)	Benchmark
Emirates Conservative Managed	12.1%	6.8%
Emirates Balanced Managed	18.9%	11.3%
Emirates Active Managed	21.3%	14.7%

Data source: Emirates NBD Asset Management, \$ terms, bid to bid, Jan 2009 – 31 Dec 2009



2010 – year to date (30 June 2010)	Fund (net)	Benchmark
Emirates Conservative Managed	-1.02%	-0.91%
Emirates Balanced Managed	-2.80%	-4.41%
Emirates Active Managed	-4.10%	-7.36%

Data source: Emirates NBD Asset Management, \$ terms, bid to bid, Jan 2009 – 31 Dec 2009

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