

EUROPE – TAKING OFF!

March, 2015

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The Rationale

Quantitative Easing (QE)

- Euro 1.1 trillion ECB Stimulus increases the 'Cheap Money' in the system -> aids growth
- QE increases the money supply which promote increased lending and liquidity and hence positively impacting the economic activity

Weak Euro

- Near 25% fall in the Euro against USD over the last year and is now close to its lowest level in 10 years
- In the short run, the translation benefits of a weak domestic currency adds to the profits of European companies
- Over the longer tenor, weak Euro increases the price competitiveness of the export oriented European businesses and helps them gain market share

Lower Energy prices

- Spending increases as consumers have higher disposable income on the back of lower energy prices

Initial signs of recovery in the Euro Area?

- The Euro area consumer confidence posted a large gain in January, reinforcing the impression of a turn in sentiment already signaled by the December PMI and IFO survey
- The recent composite PMI for March 2015, came in better than expected at 54.1 indicating good expansion
- Recent industrial production data has been better than expected
- Bond yields are expected to get pushed down and therefore incentivize investors to move into riskier assets like equities

Fall in Euro bodes well for European Equities



Source: Bloomberg, Mashreq Private Banking

Eurostoxx 50 is near its 8 year High in EUR terms



Source: Bloomberg, Mashreq Private Banking

Themes & Products To Play On

Theme	Beneficiaries	Rationale	Products
Weak Euro	Export Oriented Businesses	<ul style="list-style-type: none"> • Currency translation impact to benefit in the short run. In the longer run, the price competitiveness of these businesses will improve and aid them gain market share 	<ul style="list-style-type: none"> ▪ ETF - Wisdom Tree Europe Hedged Equity Fund – (Invests in Companies deriving at least 50% of revenue from countries outside of Europe)
Low Energy prices	Consumer Oriented Sectors	<ul style="list-style-type: none"> • Spending increases as consumers have higher disposable income on the back of lower energy prices 	<ul style="list-style-type: none"> ▪ ETF-SPDR MSCI Europe Consumer Staples ▪ ETF- SPDR MSCI Europe Consumer Discretionary
QE (Quantitative Easing)	Financials	<ul style="list-style-type: none"> • Easing Credit Conditions will increase corporate demand for loans to support Capital Expenditures which are at low levels 	<ul style="list-style-type: none"> ▪ ETF - iShares MSCI Europe Financials
	High Dividend Yielding Strategies	<ul style="list-style-type: none"> • As QE is expected to compress bond yields, investors looking for income, will turn to non-fixed income alternatives and yield enhancing strategies 	<ul style="list-style-type: none"> ▪ Schroder Dividend Maximizer ▪ Schroder Multi Asset Income

ETFs (Exchange Traded Funds)

1. *Wisdom Tree Europe Hedged Equity Fund*
2. *SPDR MSCI Europe Consumer Staples*
3. *SPDR MSCI Europe Consumer Discretionary*
4. *iShares MSCI Europe Financials*

ETF – WisdomTree Europe Hedged Equity

GRAB

HEDJ US Equity	98 Report	Page 1/5 Description		
1) Profile	2) Performance	3) Holdings	4) Allocations	5) Organizational

WISDOMTREE EUROPE HEDGED EQU **Objective** European Region

WisdomTree Europe Hedged Equity Fund is an exchange-traded fund incorporated in the USA. The Fund seeks investment results that correspond to the performance of the WisdomTree Europe Hedged Equity Index. The Fund seeks to provide exposure to Eurozone stocks while neutralizing currency risk relative to the US Dollar. [BBGID BBG000Q3NW62]

6) Current Data (COMP)



Bloomberg Classification

Fund Type	ETF
Asset Class	Equity
Market Cap	Large-cap
Strategy	Blend
Geo. Focus Re	European Region

Appropriations

Leverage	No
Actively Managed	No
Swap Based	No
Derivatives Based	No
Currency Hedged	Yes
Replication Strategy	Optimized
Securities Lending	Yes

7) Price (GP)	USD 66.15
8) NAV 03/23/15	USD 66.29
INAV	USD 66.29
Fund Percent Premium	0.030%
52 Wk H 03/16/15	USD 67.27
52 Wk L 10/16/14	USD 49.9045
9) Options(OMON)	Yes

Trading Data

Bid Ask Spread	0.420
30D Avg Volume	6.3M
10) Implied Liquidity	5.8M
Market Cap	USD 16.51B
Shares Out	249.6M
Total Assets	USD 16.55B

Characteristics

Und. Index	11) WTEHIT
Index Weight	Dividend
Px Track. Error	3.695
NAV Track. Error	.253
Inception Date	12/31/09
Expense Ratio	.580%

Australia 61 2 9777 8600 Brazil 5511 2395 9000 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2015 Bloomberg Finance L.P.
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ETF - SPDR MSCI Europe Consumer Staples

GRAB

STS FP Equity	98 Report	Page 1/5 Description		
1) Profile	2) Performance	3) Holdings	4) Allocations	5) Organizational

SPDR MSCI EUROPE CONSUMER ST

Objective Consumer Staples

SPDR MSCI Europe Consumer Staples UCITS ETF is a UCITS compliant exchange traded fund incorporated in Ireland. The Fund's objective is to match the performance of the European consumer goods market as measured by the MSCI Europe Consumer Staples Index. The return is achieved through the purchasing of securities in line with the weightings of the underlying index. [BBGID BBG000KM38H9]

6) Current Data (COMP)



Bloomberg Classification

Fund Type	ETF
Asset Class	Equity
Industry	Consumer Staples
Market Cap	Broad Market
Strategy	Blend
Geo. Focus	European Region

Appropriations

Leverage	No
Actively Managed	No
Swap Based	No
Derivatives Based	No
Currency Hedged	No
Replication Strategy	Full
Securities Lending	Yes

7) Price (GP)	EUR 162.43
8) NAV 03/23/15	EUR 163.00
INAV	EUR 162.70
Fund Percent Premium	0.006%
52 Wk H 03/19/15	EUR 164.98
52 Wk L 03/24/14	EUR 119.41
Options(OMON)	No

Trading Data

Bid Ask Spread	0.410
30D Avg Volume	1.0k
10) Implied Liquidity	2.6M
Market Cap	EUR 32.49M
Shares Out	200.0k
Total Assets	EUR 32.60M

Characteristics

Und. Index	11) NDRUCSTA
Index Weight	Market Cap
Px Track. Error	1.729
NAV Track. Error	1.499
Inception Date	12/05/14
Expense Ratio	.300%

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ETF - SPDR MSCI Europe Consumer Discretionary

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STR FP Equity	98 Report	Page 1/5 Description		
1) Profile	2) Performance	3) Holdings	4) Allocations	5) Organizational

SPDR MSCI EUROPE CONSUMER DI

Objective Consumer Discretionary

SPDR MSCI Europe Consumer Discretionary UCITS ETF is a UCITS compliant exchange traded fund incorporated in Ireland. The Fund's objective is to match the performance of the European consumer goods market as measured by the MSCI Europe Consumer Discretionary Index. The return is achieved through the purchasing of securities in line with the weightings of the underlying index. [BBGID BBG000KM2504]

6) Current Data (COMP)



Bloomberg Classification

Fund Type	ETF
Asset Class	Equity
Industry	Consumer Discretionary
Market Cap	Broad Market
Strategy	Blend
Geo. Focus Re	European Region

Appropriations

Leverage	No
Actively Managed	No
Swap Based	No
Derivatives Based	No
Currency Hedged	No
Replication Strategy	Full
Securities Lending	Yes

7) Price (GP)	EUR 114.93
8) NAV 03/23/15	EUR 114.66
INAV	EUR 114.75
Fund Percent Premium	0.105%
52 Wk H 03/16/15	EUR 119.04
52 Wk L 10/13/14	EUR 79.28
Options(OMON)	No

Trading Data

Bid Ask Spread	0.230
30D Avg Volume	7.3k
10) Implied Liquidity	3.3M
Market Cap	EUR 71.83M
Shares Out	625.0k
Total Assets	EUR 71.66M

Characteristics

Und. Index	11) NDRUCDIS
Index Weight	Market Cap
Px Track. Error	2.080
NAV Track. Error	1.521
Inception Date	12/05/14
Expense Ratio	.300%

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ETF - iShares MSCI Europe Financials

GRAB

EUFN US Equity	98 Report	Page 1/5 Description		
1) Profile	2) Performance	3) Holdings	4) Allocations	5) Organizational

ISHARES MSCI EUROPE FINANCIA

Objective Financial

iShares MSCI Europe Financials ETF is an exchange-traded fund incorporated in the USA. The ETF seeks results that correspond to the performance of the MSCI Europe Financial Sector Index. The Fund's constituents are financial companies in the banking, insurance, real estate, and diversified financial services area. The holdings are market cap weighted and domiciled in countries across Europe. [BBGID BBG000Q6VJG4]

6) Current Data (COMP)



Bloomberg Classification

Fund Type	ETF
Asset Class	Equity
Industry	Financial
Market Cap	Large-cap
Strategy	Blend
Geo. Focus Re	European Region

Appropriations

Leverage	No
Actively Managed	No
Swap Based	No
Derivatives Based	No
Currency Hedged	No
Replication Strategy	Full
Securities Lending	Yes

7) Price (GP)	USD 23.42
8) NAV 03/23/15	USD 23.44
INAV	USD 23.47
Fund Percent Premium	-0.213%
52 Wk H 06/06/14	USD 26.65
52 Wk L 10/15/14	USD 20.09
9) Options(OMON)	Yes

Trading Data

Bid Ask Spread	0.020
30D Avg Volume	329.0k
10) Implied Liquidity	55.4M
Market Cap	USD 370.04M
Shares Out	15.8M
Total Assets	USD 370.32M

Characteristics

Und. Index	11) MXEU0FN
Index Weight	Market Cap
Px Track. Error	4.437
NAV Track. Error	.268
Inception Date	02/03/10
Expense Ratio	.480%

Australia 61 2 9777 8600 Brazil 5511 2395 9000 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000
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Mutual Funds

1. *Schroder ISF Global Dividend Maximizer – 8 % Annual Distribution*
2. *Schroder ISF Global Multi Asset Income – 5% Annual Income*
3. *Schroder ISF Euro Equity*
4. *Franklin Mutual European*

Schroder ISF Global Dividend Maximizer – 8 % Annual Distribution

Description

The Global Dividend maximizer seeks to provide income and capital growth primarily through investment in equities or equity related securities worldwide. In order to enhance the yield and generate extra income the Fund Manager selectively sells short dated call options over individual securities held by the Fund.

Why this fund ?

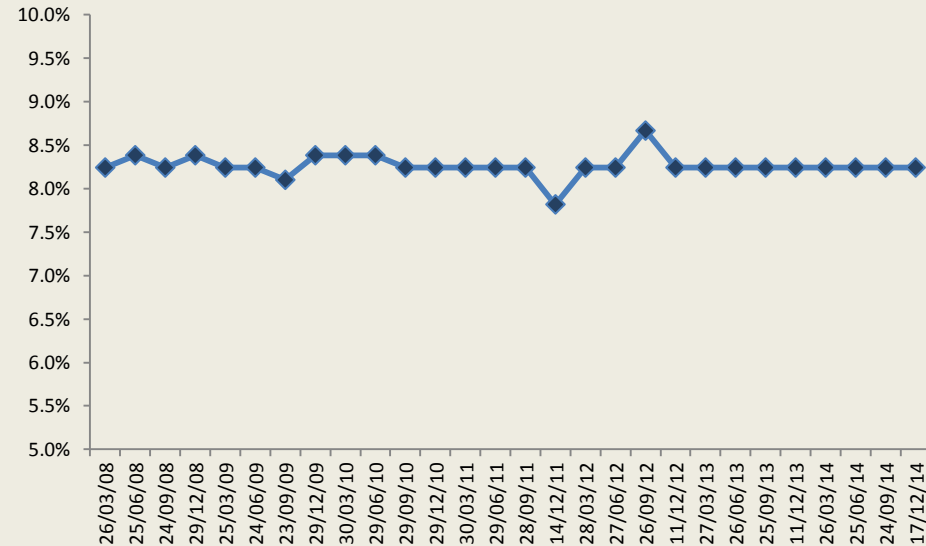
- Seeks to deliver a target distribution of 8% per annum
- Pays out income every quarter
- Two sources of yield, both independent of the interest rate policy
 - Dividends from an actively managed equity income portfolio
 - Premium from selling covered call options
- The fund manager is benchmark unaware and is unconstrained in its approach and in pursuit of absolute returns
- Call option strategy helps in reducing volatility of the fund

Fund Snap Shot

- The Fund management team includes Ian Kelly, Jamie Lowry & Thomas See and are aided by the Schroder's Research team
- The AUM for the fund was 3.7 Billion as of 28/02/2015
- Fund Inception Date: 7/13/2007
- Morningstar Rating - 3 Stars
- Standard Deviation: 16.17% (Since Inception)

For more information, refer to the Fund Fact Sheet

Distribution History



Returns vs. Benchmark

Name/Return (%)*	YTD	2014	2013	2012
Global Dividend Maximizer	2.89	4.1	15.1	17.2
Benchmark**	2.89	2.48	21.91	12.24

* As of 02/28/2015

** MSCI World High Dividend Yield NR – Dividend Yield 3.76%

Schroder ISF Global Multi Asset Income – 5% Annual Income

Description

Schroder ISF Global Multi-Asset Income aims to generate a sustainable Annual Income of 5% while targeting an annual return of 7% for investors

Why this fund ?

➤ 5 % Annual Income

Aims to provide investors with an annual income of 5% which is paid out as income on a monthly basis

➤ An Unconstrained & Global Approach

The fund is benchmark unaware and designed to be able to take advantage of yield opportunities in whichever geography or sectors as they arise

➤ Lower Volatility

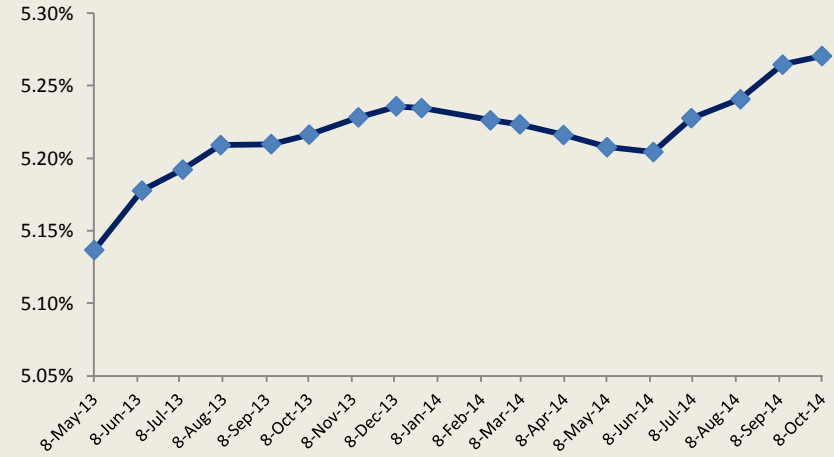
The fund aims to have a low volatility through risk management techniques and historically it has been between 5% - 7% which is within its mandate

Fund Snap Shot

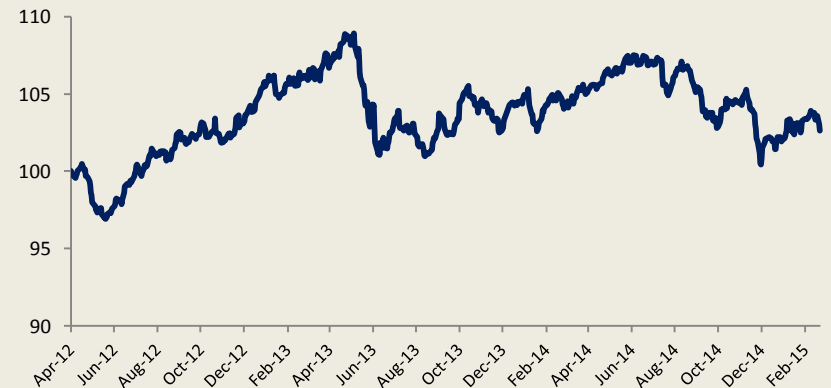
- The Fund management team includes Aymeric Forest and Ian Cunningham constituting an experienced team
- The AUM for the fund was 6.45 Billion as of 28/02/2015
- Fund Inception Date: 04/18/2012
- Standard Deviation: 5.34% (Since Inception)

For more information, refer to the Fund Fact Sheet

Distribution History



The fund has had a steady distribution to its investor as depicted by the rolling annual distribution which has an average distribution of 5.22% as per above graph



The fund has had relatively low volatility as dictated by the mandate and witnessed via its Historical NAV price till date as per above graph

Schroder ISF Euro Equity

Description

Schroder ISF Euro Equity invests in the equity securities of countries participating in the Economic and Monetary Union (EMU). The objective of the fund is to provide capital appreciation

Why this fund ?

- Flexible and unconstrained approach with no inherent style bias allowing the fund to outperform through different market environments
- A well resourced and experienced team with an average of 11 years experience.
- The fund aims to identify mispriced opportunities in regards to growth, margins and returns
- Consistency of performance

Fund Snap Shot

- The fund manager is Martin Skanberg who has over 20 years' experience in fund management.
- The AUM for the fund was 2.2 Billion as of 28/02/2015
- Fund Inception Date: 09/21/1998
- Morningstar Rating - 4 Stars
- Standard Deviation: 22.30% (Since Inception)

For more information, refer to the Fund Fact Sheet

5 Year Performance History



Returns vs. Benchmark

Name/Return (%)*	2014	2013	2012	2011
Euro Equity	6.3	24.2	25.9	-14.3
Benchmark**	4.3	23.4	19.3	-14.9

* As of 02/28/2015

** MSCI EMU Net TR

Franklin Mutual European

Description

The Fund seeks long-term capital appreciation by investing primarily in the equity securities of companies incorporated or having their principal activities in European countries that the investment manager believes are available at prices less than their intrinsic value

Why this fund ?

- Seeks long term capital appreciation by investing in undervalued and deeply discounted European Equities
- Looks to generate capital appreciation by investing in deal arbitrage as well as Bankruptcy investing when available
- No limitations against benchmark, flexibly invest across different market capitalizations and sectors

Fund Snap Shot

- Philippe Brugere-Trelat, CFA, is the lead portfolio manager and brings over 20 years of experience in the European equity markets
- The AUM for the fund was 3.34 Billion as of 28/02/2015
- Fund Inception Date: 12/31/2001
- Morningstar Rating - 4 Stars
- Standard Deviation: 17.12 % (Since Inception)

For more information, refer to the Fund Fact Sheet

5 Year Performance History



Returns vs. Benchmark

Name/Return (%)*	2014	2013	2012	2011
FMutual European	-1.40	24.84	17.96	-8.22
Benchmark**	6.92	19.86	16.98	-8.27

* As of 02/28/2015

** MSCI Europe Value TR

Structured Products

1. *Product Linked to EURUSD*
2. *5Years Capital Guarantee product on Indices*

Product Linked to EURUSD

Description

Product Characteristics:

- Minimum 90% Capital protected at maturity by Mashreq Bank
- Maturity: 2 Years
- Currency: USD
- Underlying: EURUSD currency
- Upper Strike: 1.2000
- Lower Strike: 1.0500

Product Mechanism:

• Year 1: At the end of year 1 if the EURUSD closes below the lower strike or above the upper strike, the investor receives a coupon of 2.5% otherwise the investor receives no coupon.

• At maturity, if EURUSD closes below the lower strike or above the upper strike, the investors receive:

1. If EURUSD closes below the lower strike, the investor receives back 90% of his capital initially invested plus the lower strike minus EURUSD final level at maturity
2. If EURUSD closes above the upper strike, the investor receives back 90% of his capital initially invested plus the EURUSD Final level minus the upper strike

5 Years Capital Guarantee product on Indices

Description

Product Characteristics:

- Tenor: 5 Years
- 100% Capital guarantee at maturity
- Currency: USD
- Underlying basket: S&P 500, Eurostoxx 50 & Nikkei 225
- Observations: Annual
- Annual Coupon: Guaranteed Coupon + Conditional Coupon
- Guaranteed coupon: 2% p.a.
- Conditional Coupon: 2.50% p.a.

Yearly coupon:

At the end of each year, the investor receives a guaranteed coupon of 2% independently of the performance of the basket + a conditional coupon of 2.50% if all 3 underlyings are above their initial levels.

At maturity,

The investor receives 100% of his capital initially invested + the guaranteed coupon + the conditional coupon

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