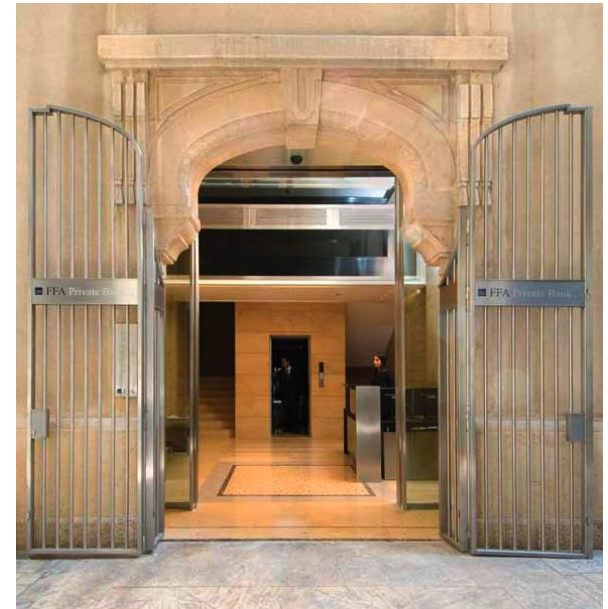


# Discretionary Asset Management Mandates

FFA Asset Management Department

December 2018



## **FFA Private Bank**

- Founded in 1994
- Privately held
- Shareholder's equity of USD 43 million
- Basel III CET1 ratio (or CAR) of 30.00%
- Regulated by the Central Bank of Lebanon
- Headquartered in Beirut

## **Services**

- Capital Markets & Online Trading
- Private Wealth Management
- Asset Management
- Research
- Corporate & Investment Banking
- Real Estate

## **Subsidiaries**

- FFA Capital Limited
- FFA Private Bank (Dubai) Limited operating from the DIFC and regulated by the DFSA
- FFA Real Estate SAL

### **FFA Asset Management offers:**

- In House Funds
- Discretionary Asset Management Mandates
- Third Party Funds and Structured Products



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### **FFA Asset Management manages the following:**

#### **Equity Funds:**

FFA MENA Equity Fund

#### **Bond Funds:**

FFA International Bond Fund

FFA Fixed Income MENA Fund

#### **Balanced Funds:**

FFA Global Opportunity Investment Fund

### Capacity to access third party funds:

#### ► The team is responsible for:

- Identifying
- Selecting
- Studying
- Following
- Monitoring
- Providing access to

the best performing  
hedge funds and  
mutual funds in the  
industry



Quantitative factors (return, volatility, sharpe ratio, max drawdown, assets under management...) and qualitative factors (manager's qualifications, team's qualifications, investment process...) are used to determine those industry leading hedge funds and mutual funds.

**FFA Asset Management offers expertise across wealth management disciplines to help clients advance towards their goals by:**

- Consistently keeping clients informed
- Focusing on risk-adjusted returns
- Rapidly adjusting to tactical opportunities and risks
- Standing by clients through market cycles
- Understanding that clients' needs are of paramount importance
- Focusing on clients' needs

**The Relationship Manager along with the FFA Asset Management team meets with the investor to discuss his goals and investments style:**

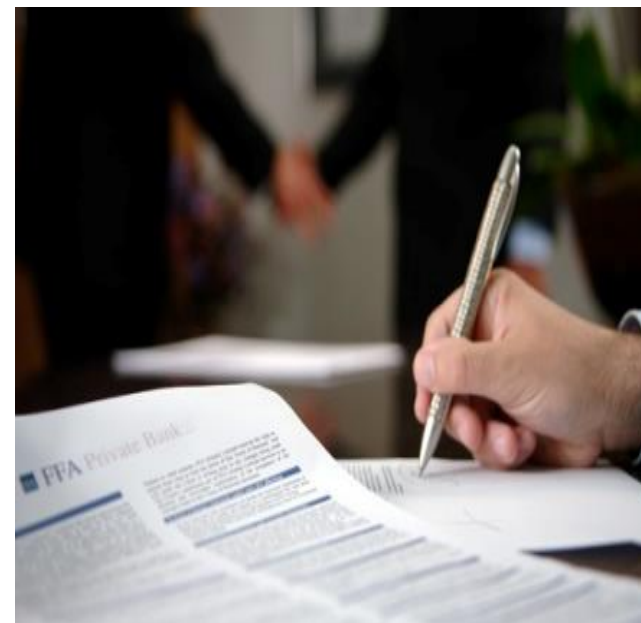
- Focusing on client service and business ethics
- Identifying and matching the risk tolerance and return requirement to a diversified asset mix

## Discretionary Management Advantages

**Delegation:** The discretionary mandate is suitable for investors who prefer to delegate the management of their assets to a professional portfolio manager.

**Diversification:** A well diversified portfolio helps reduce investment risk and optimize performance.

**Information:** Regular performance reports and updates are sent to the client



**Diversification** can help an investor manage risk and reduce the volatility of an asset's price movements. Remember though, that no matter how diversified your portfolio is, risk can never be eliminated completely. You can reduce risk associated with individual stocks, but general market risks affect nearly every stock. So it is important to diversify also among different asset classes. The key is to find a balance between risk and return; this ensures that you achieve your financial goals while still getting a good night's rest

## Steps to construct a portfolio

### **I. Understand:**

**Risk Profile :** Risk tolerance & risk capacity

**Return Requirement:** Absolute return/relative return

### **II. Propose:**

One of four investment strategies  
*(minimum investment: USD250,000)*

Tailored investment solutions  
*(starting: USD 1,000,000)*

### **III. Implement:**

Selection of investment solutions

Periodic reviews & reallocation

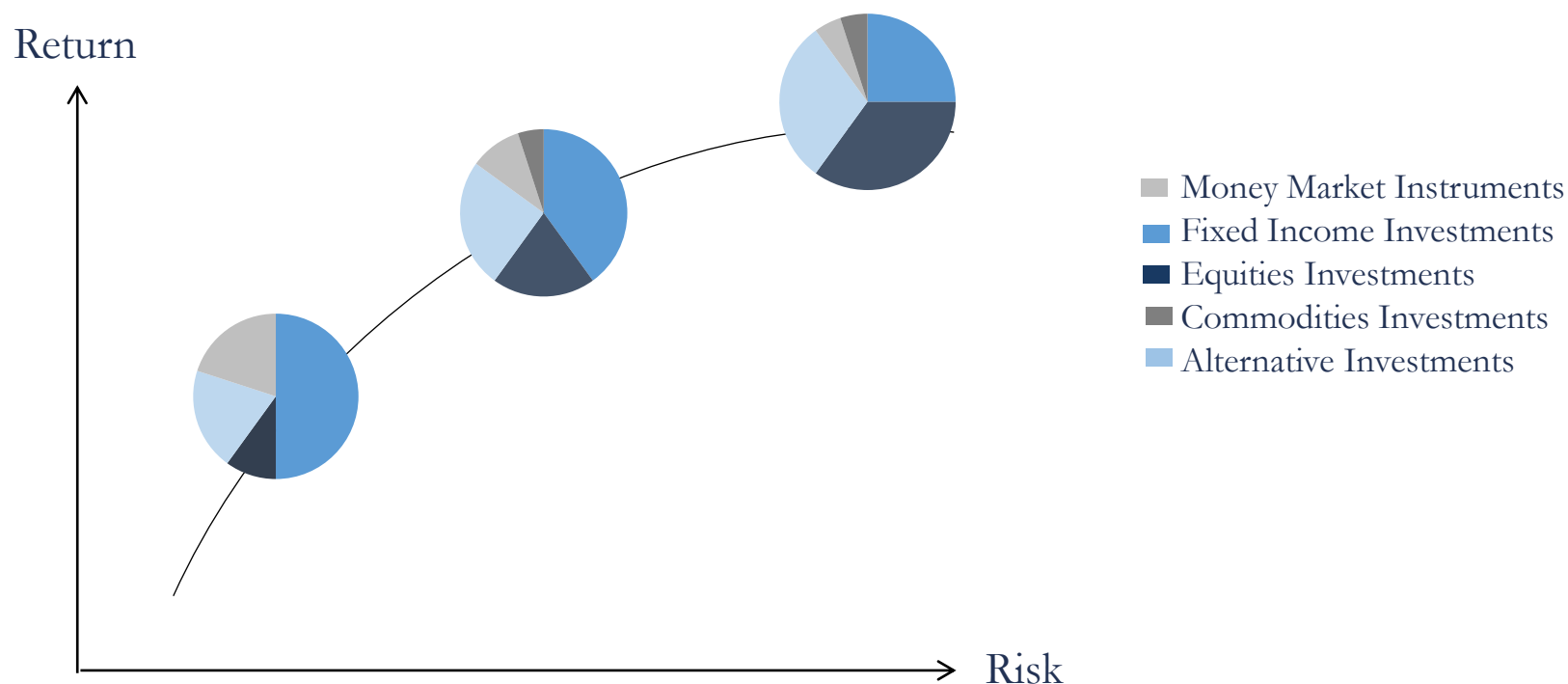
### **IV. Review:**

Review of investment results

Review of investment profile

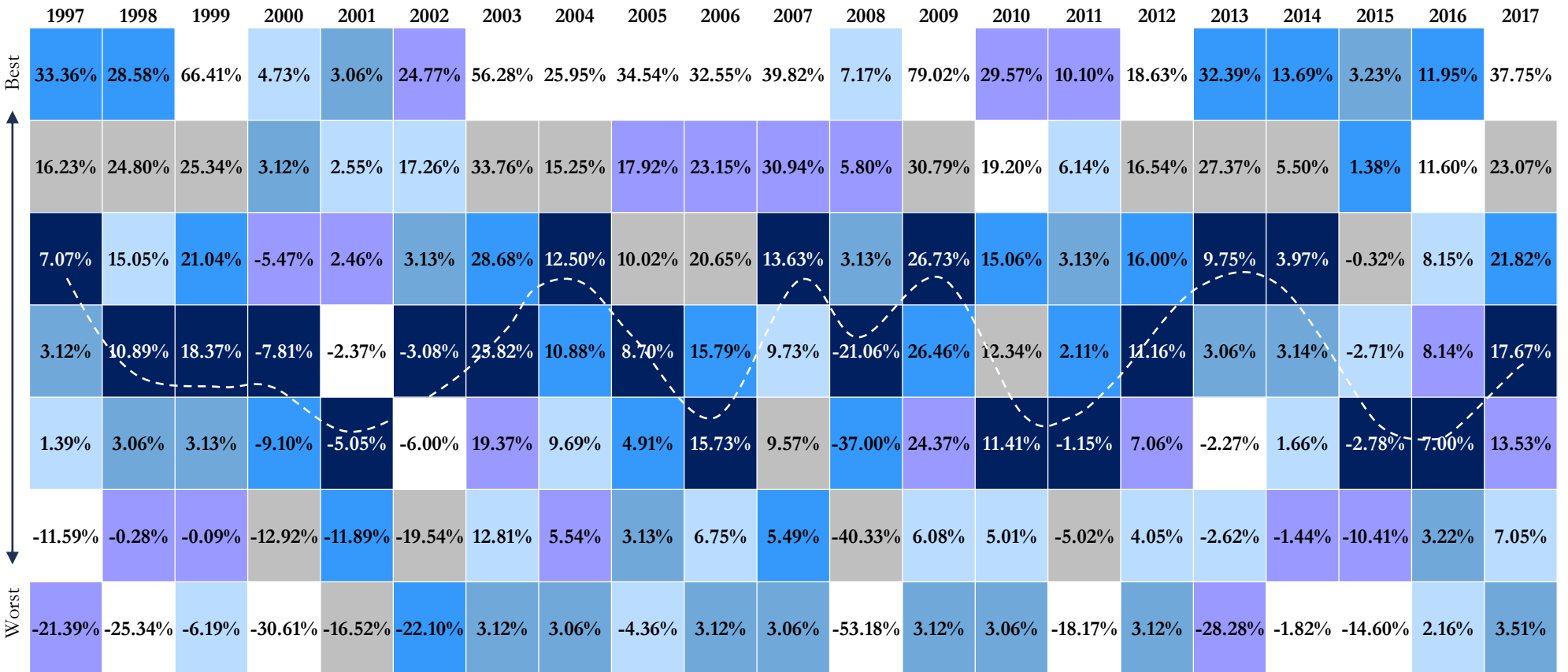
## Strategic Asset Allocation

The primary goal of a strategic asset allocation is to create an asset mix that will provide the optimal balance between expected risk and return for a long-term investment horizon. By investing in more than one asset category, one will reduce the risk of loss and the portfolio's overall investment returns will have a smoother ride. Investment horizon is long-term.



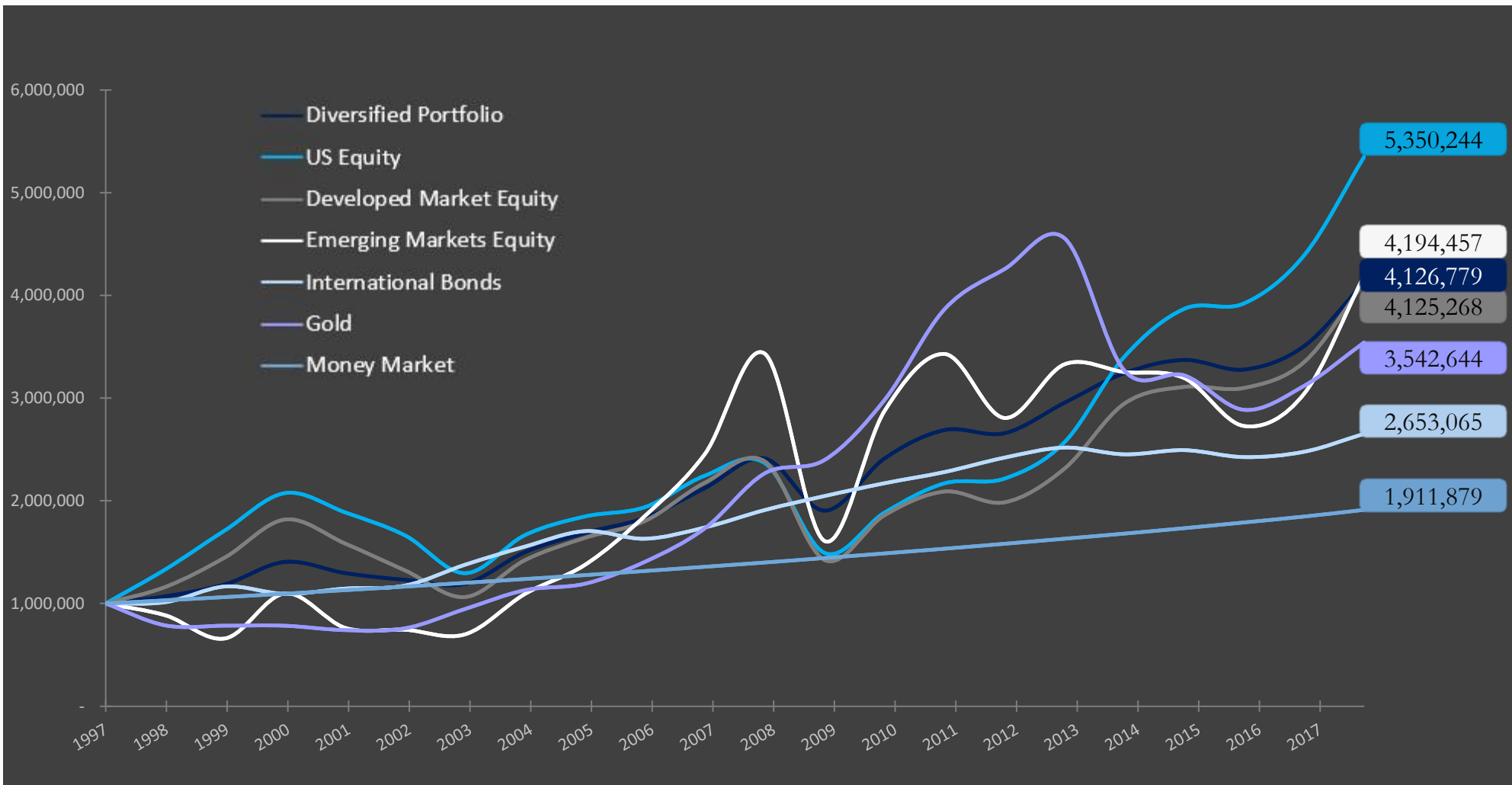


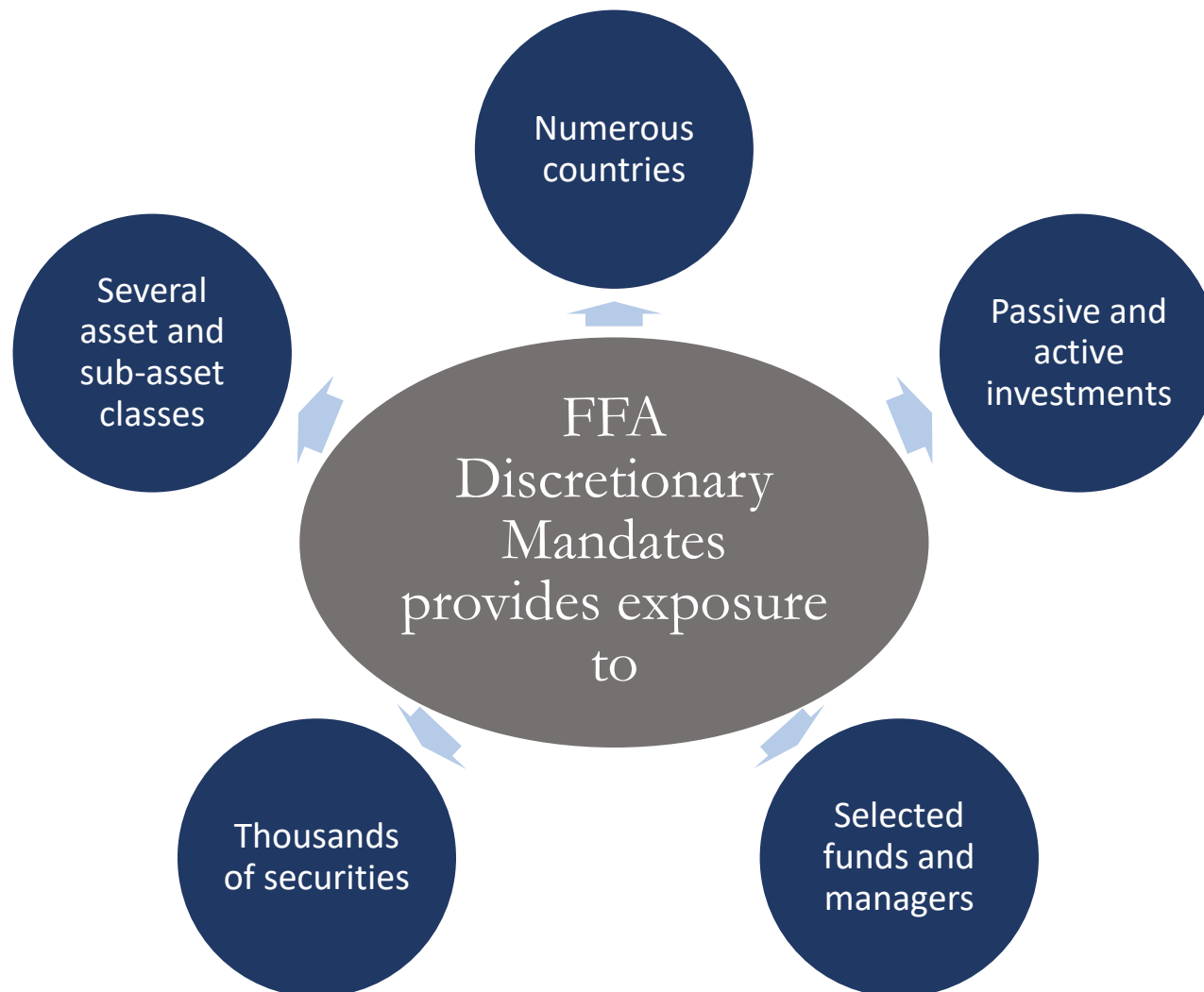
# Benefits of Diversification



- U.S. Equity: S&P 500 Total Return Index
- Developed Market Equity: MSCI Daily TR Gross World
- Money Market Fund
- Emerging Markets Equity: MSCI Daily TR Gross EM
- International Bonds: JPM Global Aggregate Bond Index
- Gold: Gold Spot
- Diversified Portfolio is composed of 15% of the S&P500 TR, 25% of the MSCI Daily TR Gross World, 15% of the MSCI Daily TR Gross EM, 25% of the JPM Global Aggregate Bond Index, 5% of Gold, and 15% of Money Market Fund.

# Benefits of Diversification

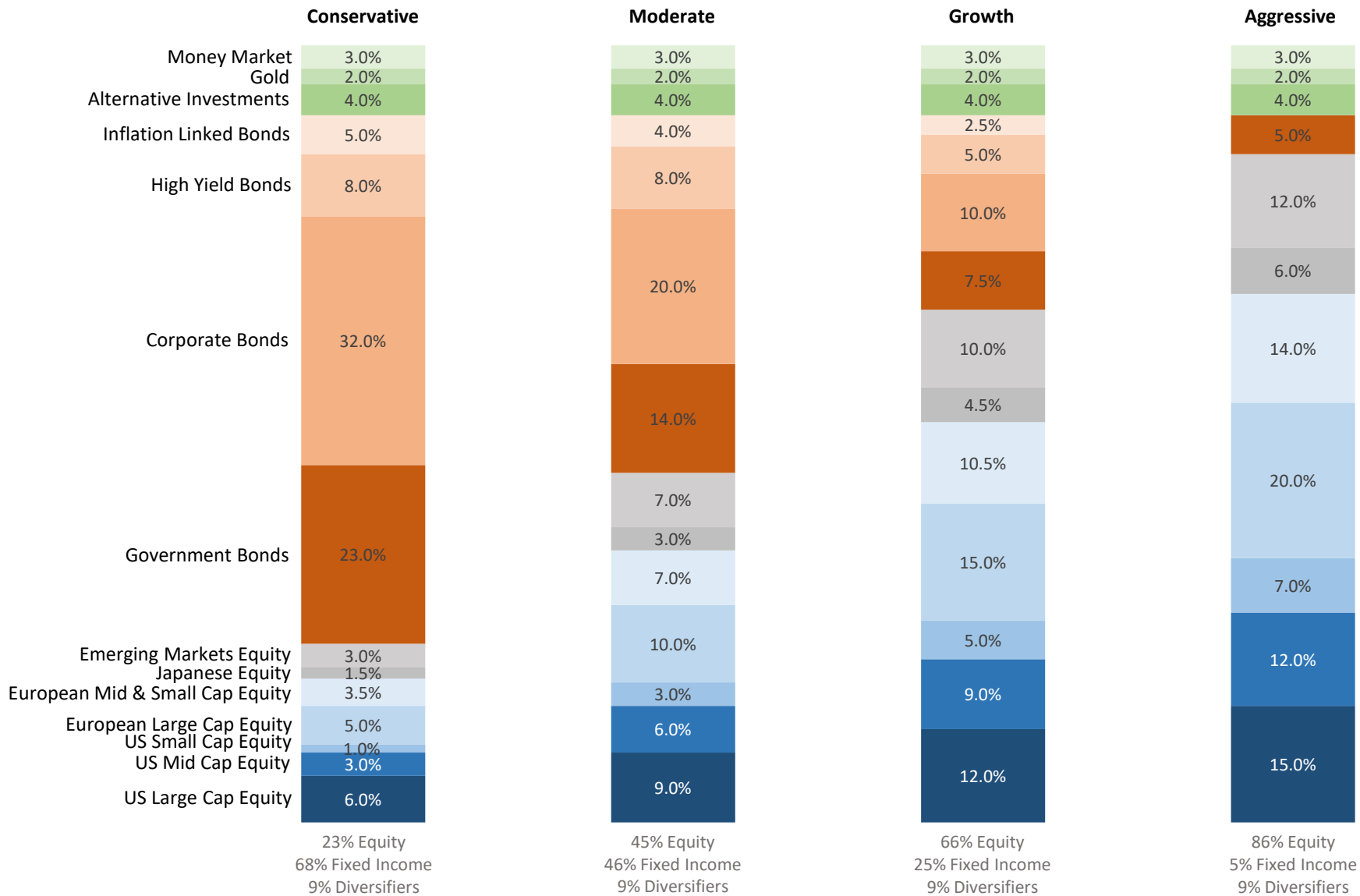




## Investment Profiles

| Investment Strategy | Investment Objective   | Main financial instruments used   |
|---------------------|--|---|
| Conservative        | Seeks capital gain consistent with a conservative level of volatility relative to other strategies | Fixed income investments represent the core holdings. Equity investments can be used to achieve moderate capital gains. Alternative investments, commodities, and money market investments can be used for diversification. |
| Moderate            | Seeks capital gain consistent with a moderate level of volatility relative to other strategies     | Fixed income and equity investments represent the core holdings. Alternative investments, commodities, and money market investments can be used for diversification.  |
| Growth              | Seeks capital gain consistent with a considerable level of volatility relative to other strategies | Equity investments represent the core holdings. Fixed Income investments can be used to achieve lower volatility. Alternative investments, commodities, and money market investments can be used for diversification.       |
| Aggressive          | Seeks capital gain consistent with an aggressive level of volatility relative to other strategies  | Equity investments represent the core holdings. Fixed income, alternative investments, commodities, and money market investments can be used for diversification.   |

# Asset Allocation by Strategy



## Statistical Performance and Risk Analysis

Back-tested performance of the current allocations after fees:

As of 30/06/2018

|                       | Conservative | Moderate | Growth  | Aggressive |
|-----------------------|--------------|----------|---------|------------|
| Target Annual Return  | 6.00%        | 7.00%    | 8.00%   | 9.00%      |
| 3Y Annualized Return  | 2.54%        | 3.75%    | 4.44%   | 5.50%      |
| 3Y Standard Deviation | 3.96%        | 5.77%    | 7.71%   | 9.26%      |
| 3Y Sharpe Ratio       | 0.58         | 0.61     | 0.54    | 0.57       |
| 3Y Maximum Drawdown   | -4.77%       | -7.49%   | -10.15% | -11.83%    |
| 5Y Annualized Return  | 3.72%        | 5.68%    | 7.37%   | 8.97%      |
| 5Y Standard Deviation | 3.94%        | 5.60%    | 7.43%   | 8.83%      |
| 5Y Sharpe Ratio       | 0.88         | 0.97     | 0.96    | 0.99       |
| 5Y Max Drawdown       | -5.72%       | -8.57%   | -11.42% | -13.11%    |

**Target Annual Return:** Target average annual return based on historical and forecasted asset class returns.

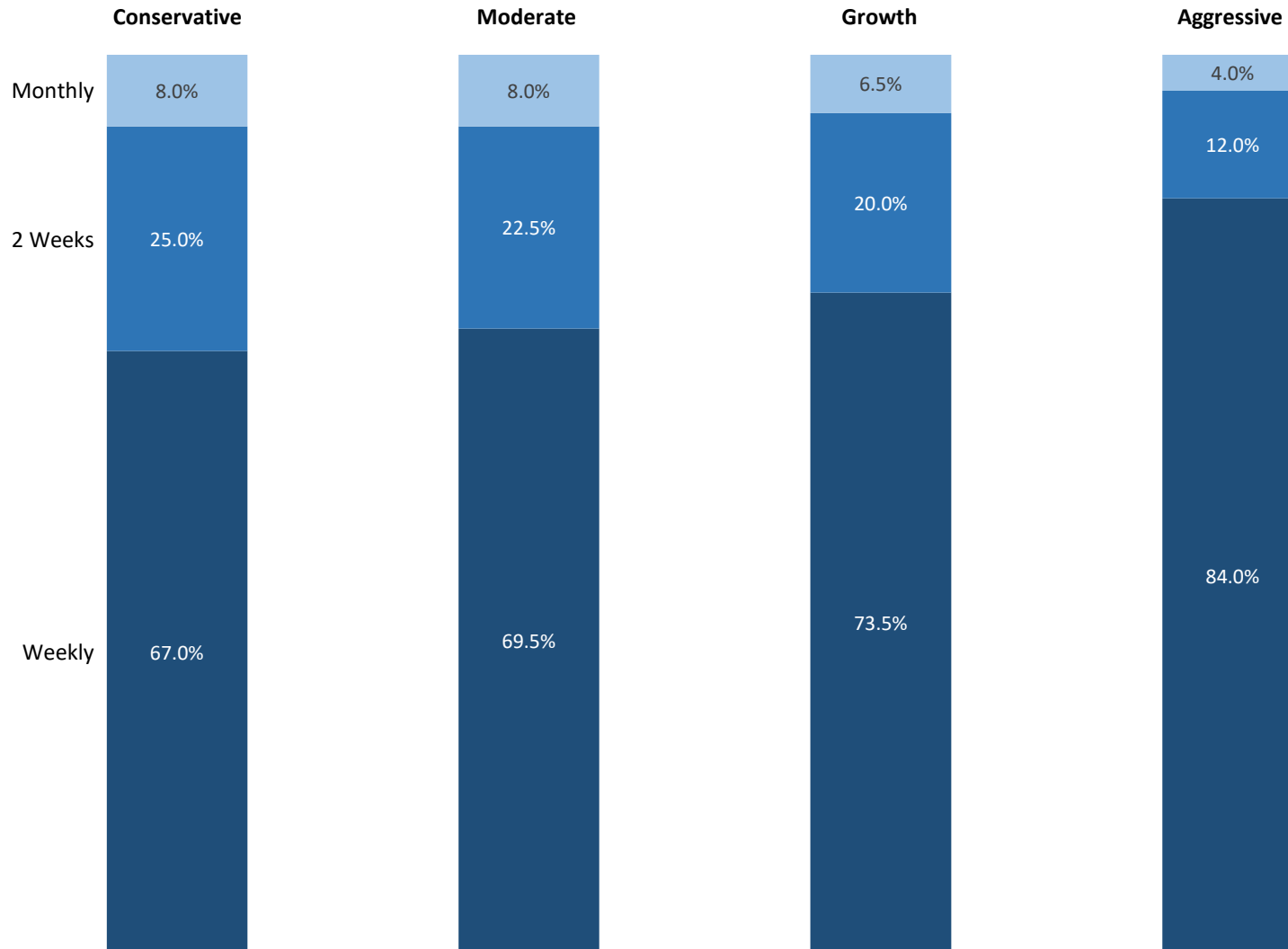
**Annualized Return:** The average amount of money earned by an investment each year over a given time period.

**Standard Deviation:** Standard deviation is known as historical volatility and is used by investors as a gauge for the amount of expected volatility.

**Sharpe Ratio:** Measurement of the approach's risk-adjusted performance.

**Max Drawdown:** The peak-to-trough decline during a specific record period of an investment.

# Portfolio Liquidity by Strategy



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