



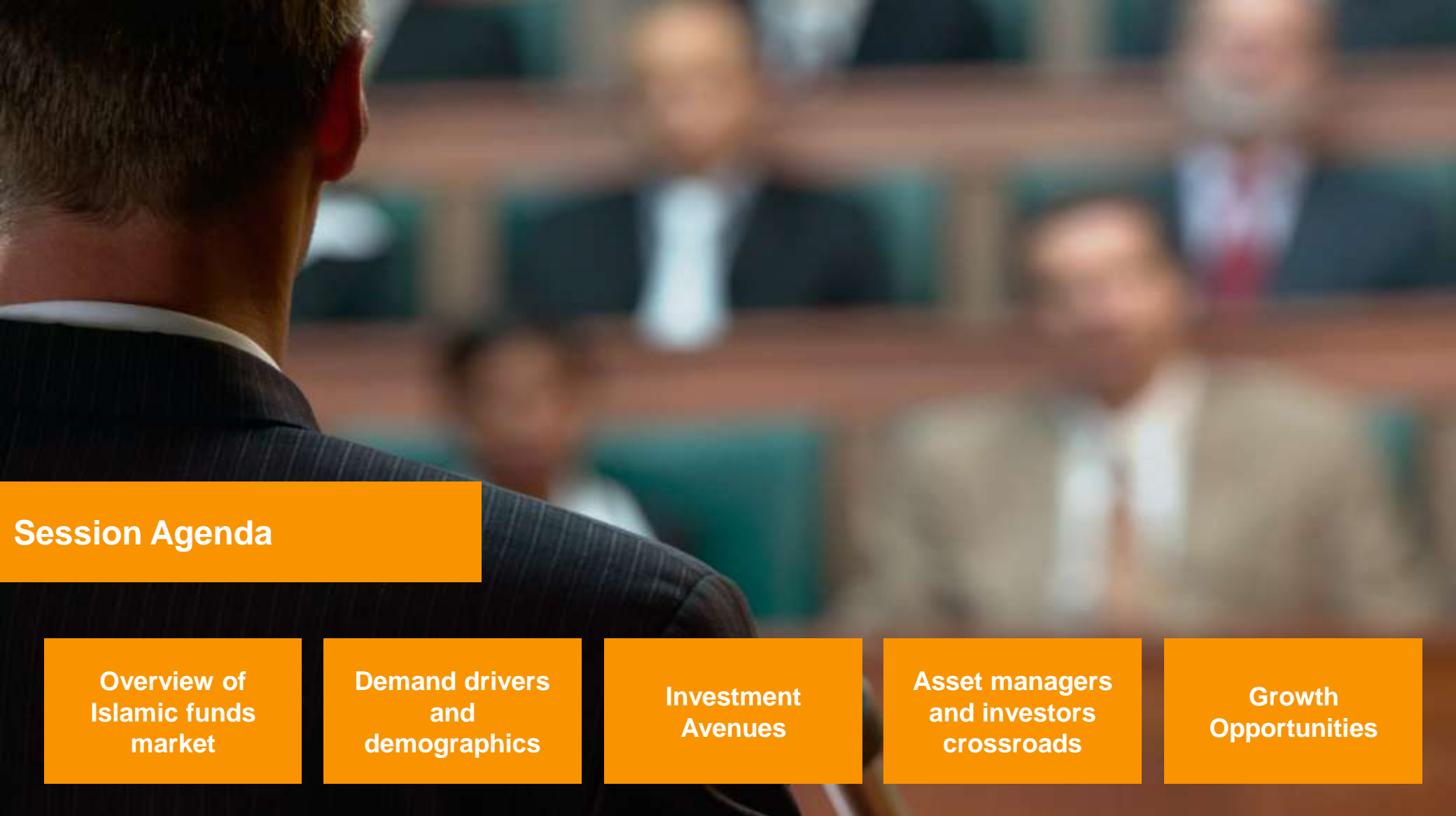
UNLOCKING POTENTIAL

**THOMSON REUTERS
GLOBAL ISLAMIC ASSET MANAGEMENT
OUTLOOK 2015**

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Thomson Reuters

..... KNOWLEDGE PARTNER





Session Agenda

Overview of
Islamic funds
market

Demand drivers
and
demographics

Investment
Avenues

Asset managers
and investors
crossroads

Growth
Opportunities



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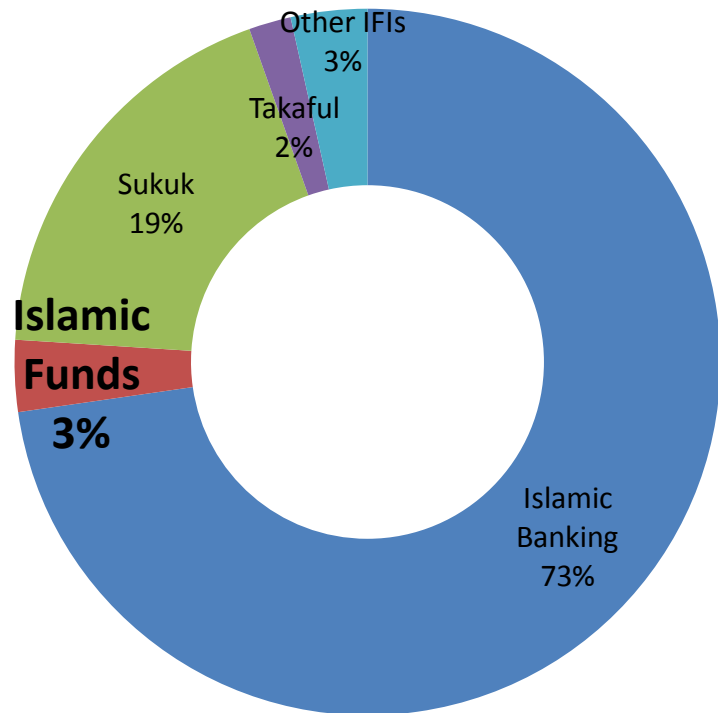


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A \$1.6 trillion industry and Islamic funds represent a mere 3% of total global Islamic finance assets

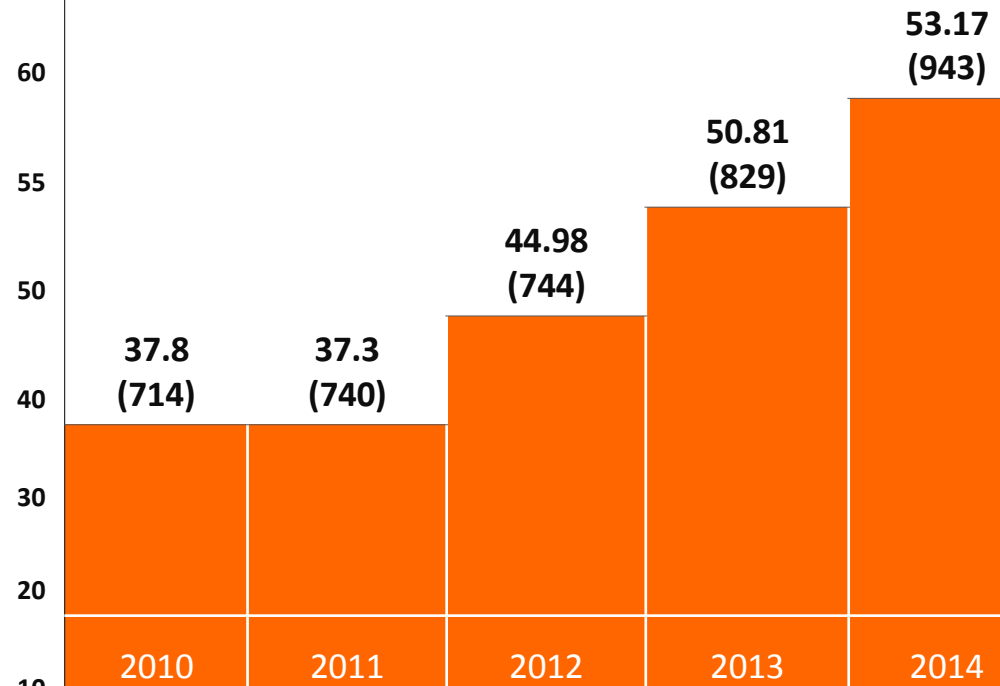
Islamic Finance breakdown by sector 2014

USD 1.6 tln



Global Islamic Mutual Funds Outstanding (2010- 2014)

AUM
(US\$ bln)



Source: Thomson Reuters

Recent major economic and political trends driving global and regional markets



GCC investment destination:
The opening of Saudi Arabia, Qatar/UAE entrance into MSCI index, planned EXPO and FIFA project



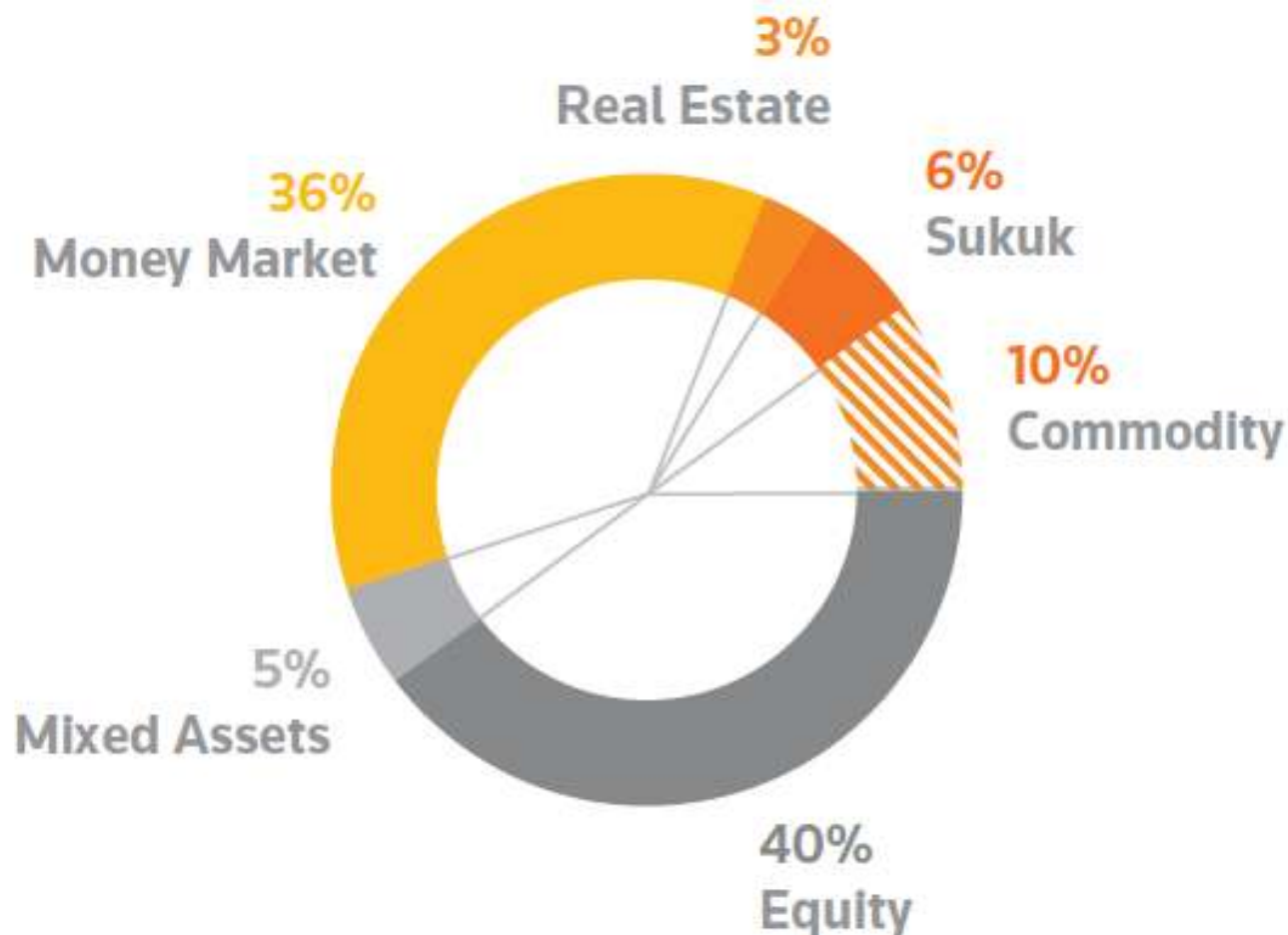
Euro Crisis
A prolonged economic slump highlights a crisis in the French-German partnership and populist parties are rising and the UK could leave the EU



Oil price plunge:
Drop in oil price hit major oil-producing Arab fiscal budgets, causing lower government spending

Money market most dominant type of Islamic funds launched in 2014

AUM of Global Islamic Funds Outstanding By Asset Class (FYE 2014)



Source: Thomson Reuters



How large is the potential capital for shariah-compliant investments?



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Shariah-compliant investments enjoy strong demand demographics targeting the different segments has been largely inefficient

Burgeoning youth populations

Young population in OIC markets are the key driver of economic development

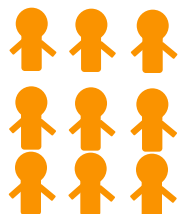


High growth population that is becoming wealthier

Growing middle class and rising incomes, increased urbanization and sophistication with low household leverage and high levels of savings



Growing Muslim Population



Muslims make up roughly one-fifth of the world's population; a total of around 1.5 billion Muslims world wide.

Excess Liquidity in most OIC markets

There are strong macroeconomic fundamentals in the region, and there is excess liquidity calling for quality regional investment products



Young Population

Projected median age by 2030

OIC Member States
30 years old

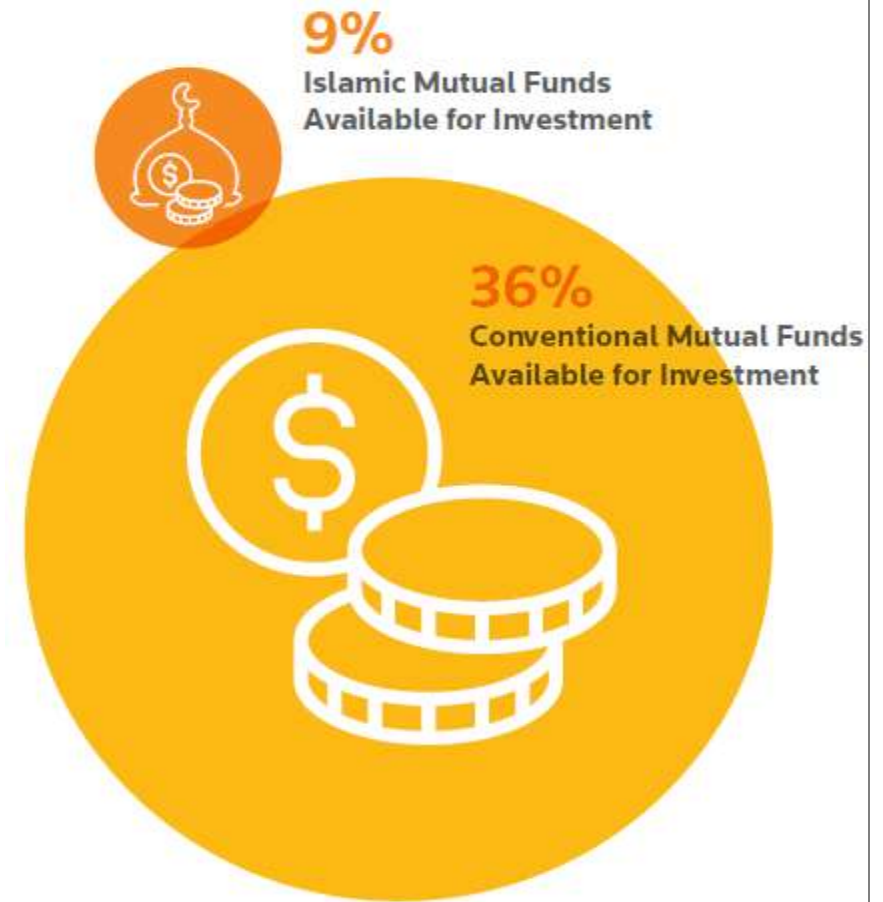
North America & Europe
44 years old

Current latent Islamic AuM is estimated at around \$126 billion, with a supply-demand gap of \$73 billion in 2014

Supply and Demand Gap for Islamic AuM

YEARS/\$BILLION	2014	2015	2016
SUPPLY			
Islamic Funds*	\$52.20	\$56.38	\$60.89
LATENT DEMAND			
Islamic Banking Deposits**	\$647.81	\$699.63	\$755.60
Total Available Islamic Investment (Deposits + Funds)	\$700.01	\$756.01	\$816.49
Islamic Funds to Available Islamic Investment Ratio	18%	18%	18%
Latent Islamic Funds Demand	\$126.00	\$136.08	\$146.97
GAP	\$73.80	\$79.71	\$86.08

Ratio of funds to investable capital (Deposits + AUM)





How best do we tap into new growth opportunities and narrow the gap?



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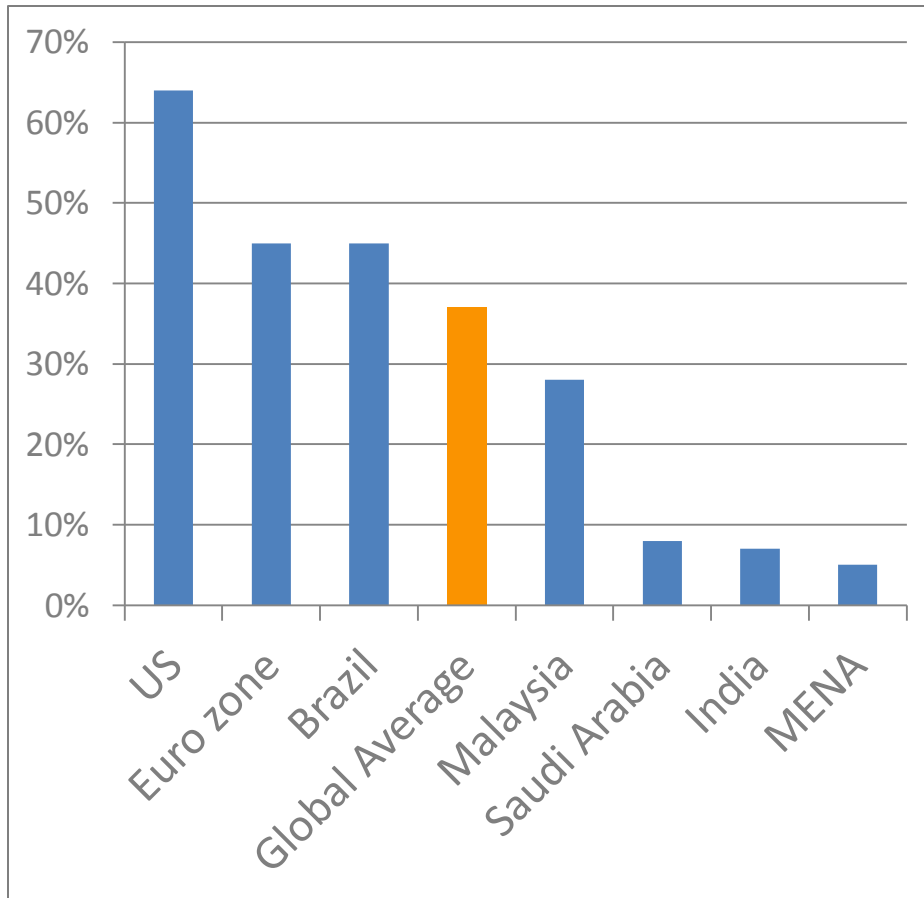
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AuM to GDP in OIC markets are well below developed markets and global average

LONG-TERM FUND ASSETS AS A PERCENTAGE OF GDP



Latest available figures

INVESTMENT AVENUES

Saving Deposits

Equities

Bonds

Alternate Investments Funds

Real Estate

Private Equity

Commodities/Currencies



ASSET MANAGERS AND INVESTORS SURVEY



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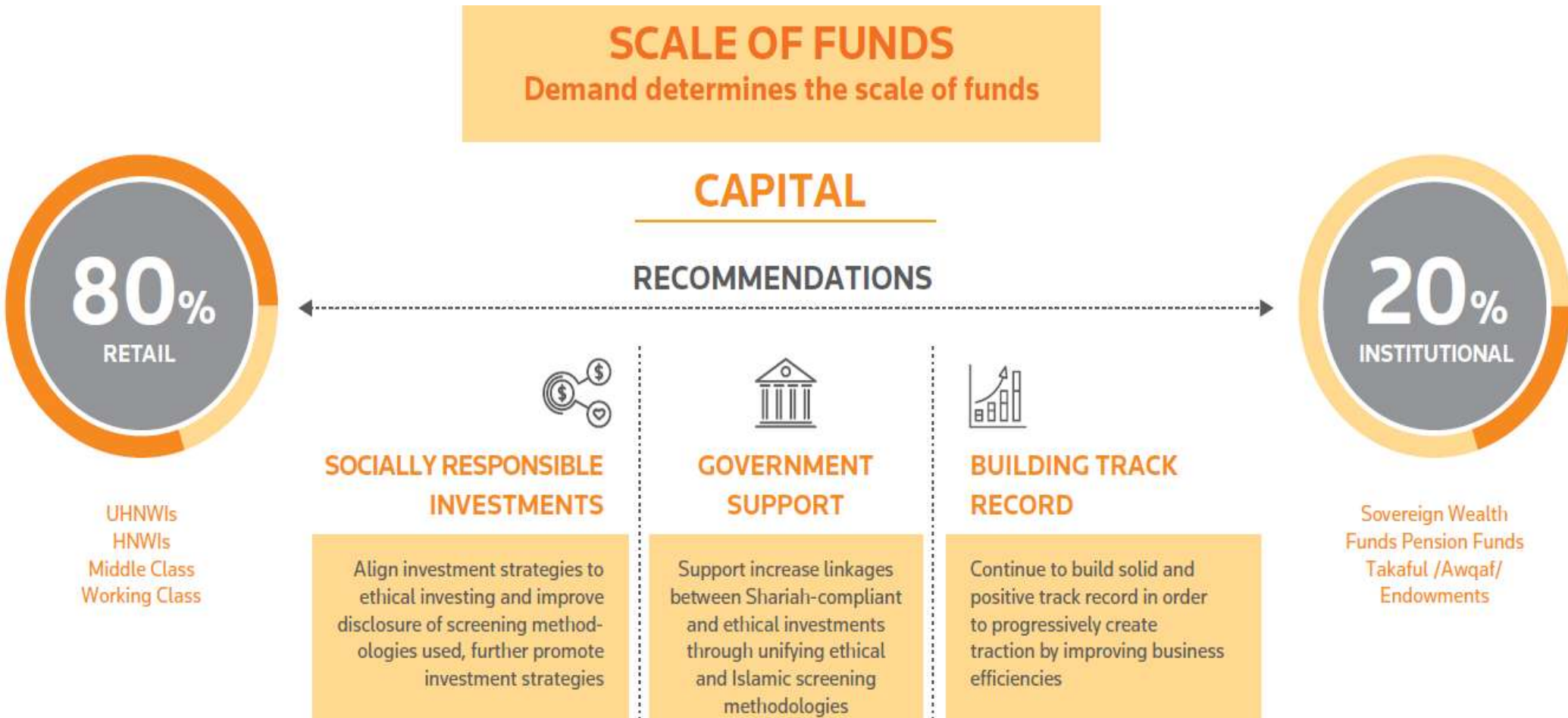
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Uneven scale and huge growth opportunities for assets under management is due pending shift in investor base



Availability of expertise, distribution networks, compliance with new regulatory requirements are the main concerns for investors and managers

Survey analysis: market challenges

Compliance with new legal/regulatory requirements	16%
Finding new investment opportunities	13%
Availability of expertise	13%
Process efficiency and quality management	10%
Market conditions	9%
Others	39%

What is the most important factor when selecting a jurisdiction for establishing or launching Shariah-compliant funds?

32%

20%

20%

16%

13%

Supportive Shariah compliant funds ecosystem

Regionally Integrated regulations

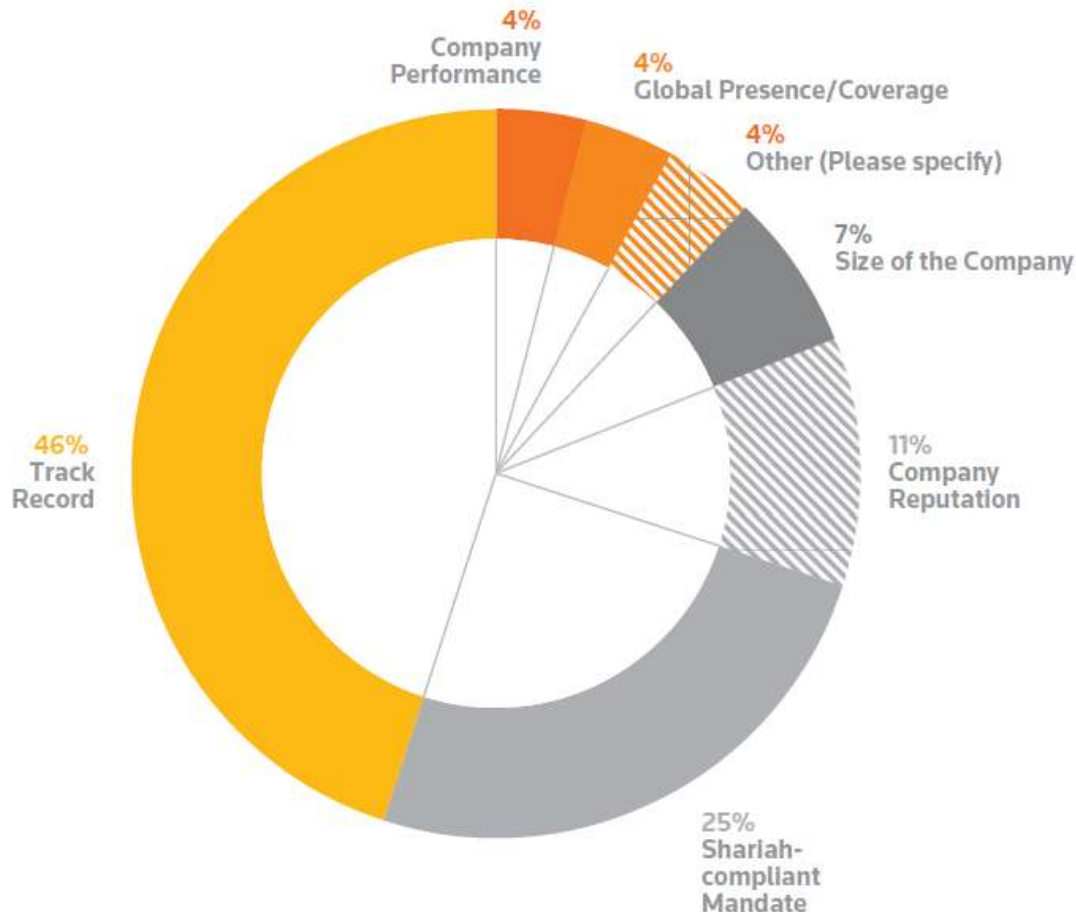
Favourable or equal treatment within regulatory and tax system

Free movement of capital

Favourable economic conditions

Track record, shariah-compliant mandates are key factors for investors when selecting asset managers

What is the most important factor when selecting an asset management company for your investments?



What is your most preferred sales strategy for Shariah-compliant funds?

- 1 Banks
- 2 Self-directed
- 3 Financial advisories
- 4 Brokers



The Islamic asset management industry stands on the edge of a number of fundamental shifts that will shape the future of the industry



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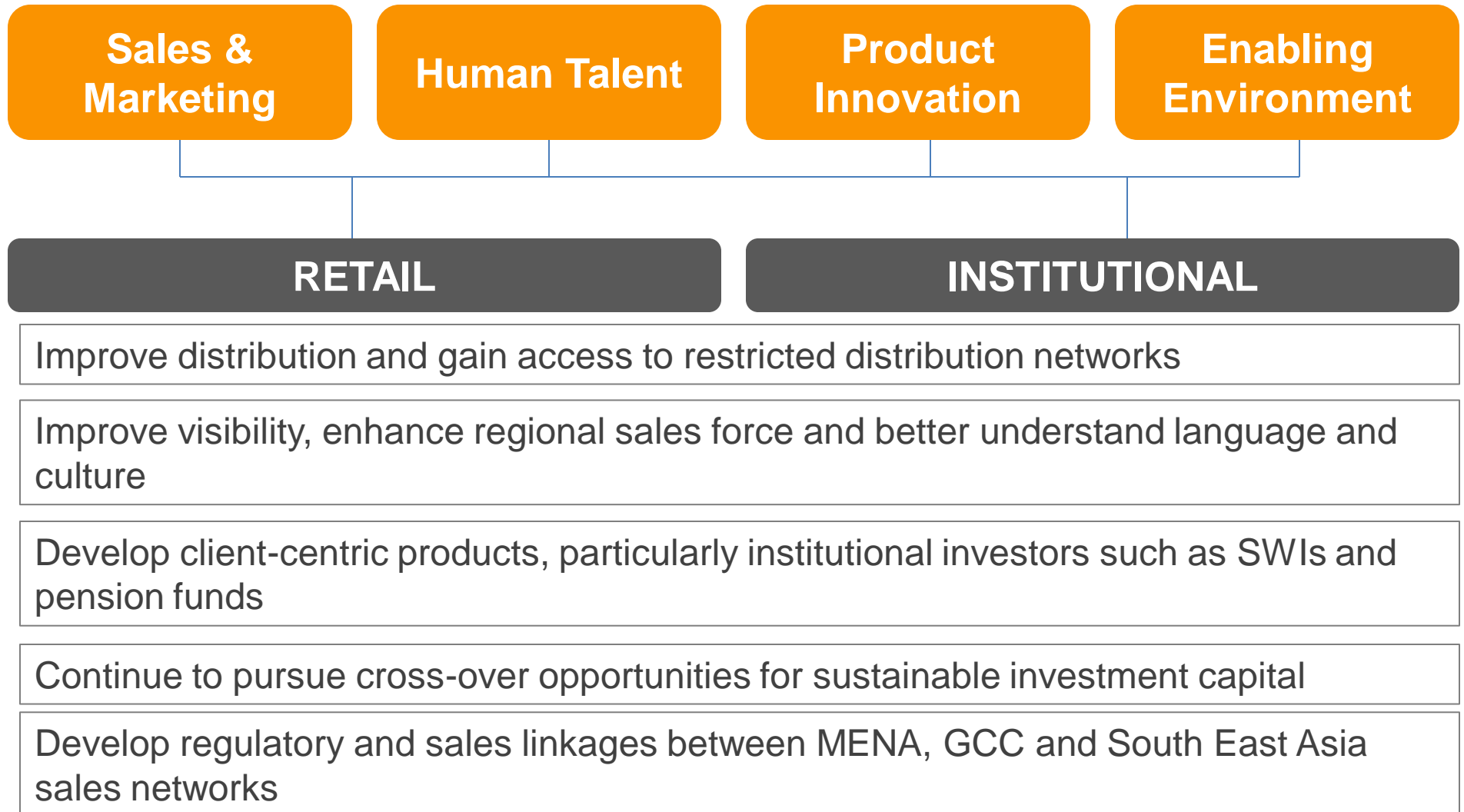
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A comprehensive solution approach is imperative to overcome industry challenges and channel capital flows into asset managers





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