



IRAQ

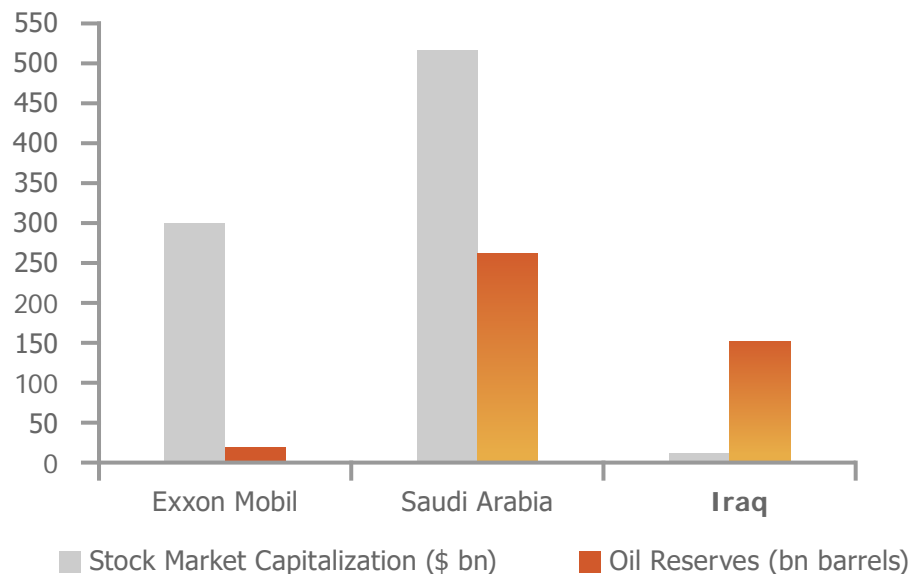
The Growth of a Nation Rebuilding

2019

FMG IRAQ FUND

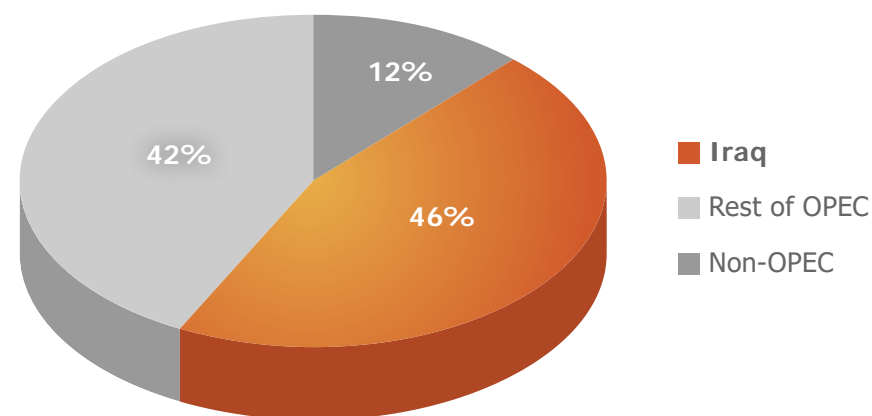


The Opportunity



Note: Exxon reserves stated in barrels of oil equivalent

Estimated Growth in Global Oil Production 2011-2035



- Iraq has the world’s third largest conventional oil reserves
- It is estimated that Iraq will account for 46% of the growth in global oil production up until 2035
- We believe there are significant opportunities for outsized equity returns

Source: Bloomberg, FMG Research, IEA International Energy Agency



Geography and Demography

- Total Area: 438,317 km² (on par with Spain)
- Natural Resources: Oil, gas, phosphates, sulfur
- Population: 39 mn (est. 64 million in 2050)
- Demographics: 70% under the age of 35
- Ethnic groups: Arab 75%-80%, Kurdish 15%-20%, other 5%
- Literacy rate: 80%



Source: The World Bank, CIA World Fact Book

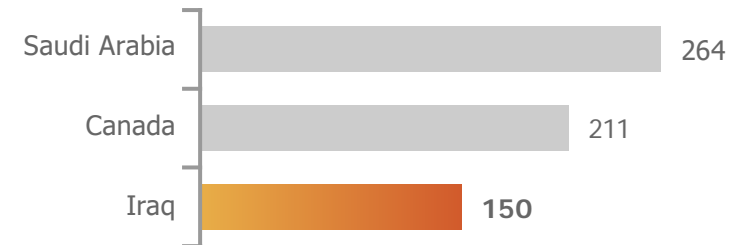


Fundamentals

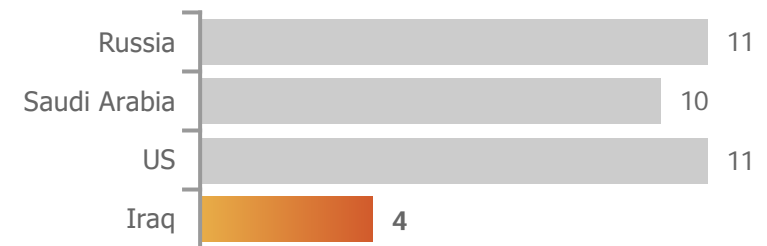
- Strategic geographical location
- Abundance of natural resources
- Huge potential for post-war reconstruction with high GDP growth forecasts
- Transitioning towards a more liberalized and private sector economy
- More than 90% of oil revenues are retained by the Iraqi government
- A parliamentary democracy since 2005

Source: The World Bank, Bloomberg, IEA International Energy Agency

Reserves bn bbl



Production mn bbl/d



Exports mn bbl/d



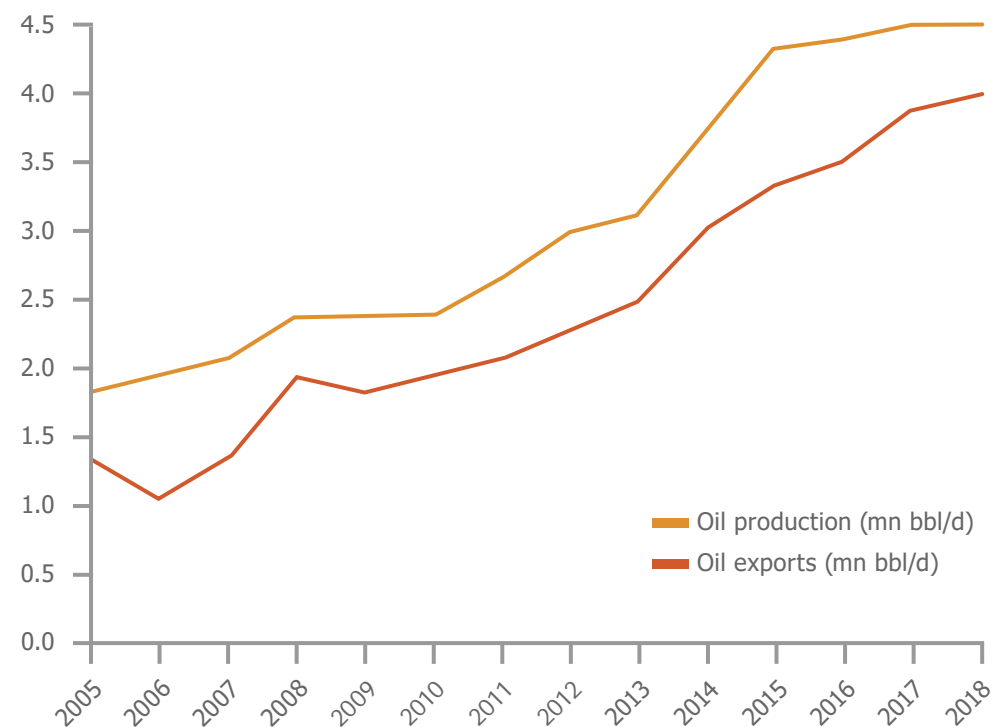
bbl = Oil barrels



Economy

- Iraq has the potential to be one of the fastest growing economies in the world
- F/X reserves of US\$ 50 bn which is more than half of the country's GDP
- Very low levels of debt
- Currency is tightly managed by the central bank
- GDP per capita has more than doubled over the past decade

Oil Production in Iraq

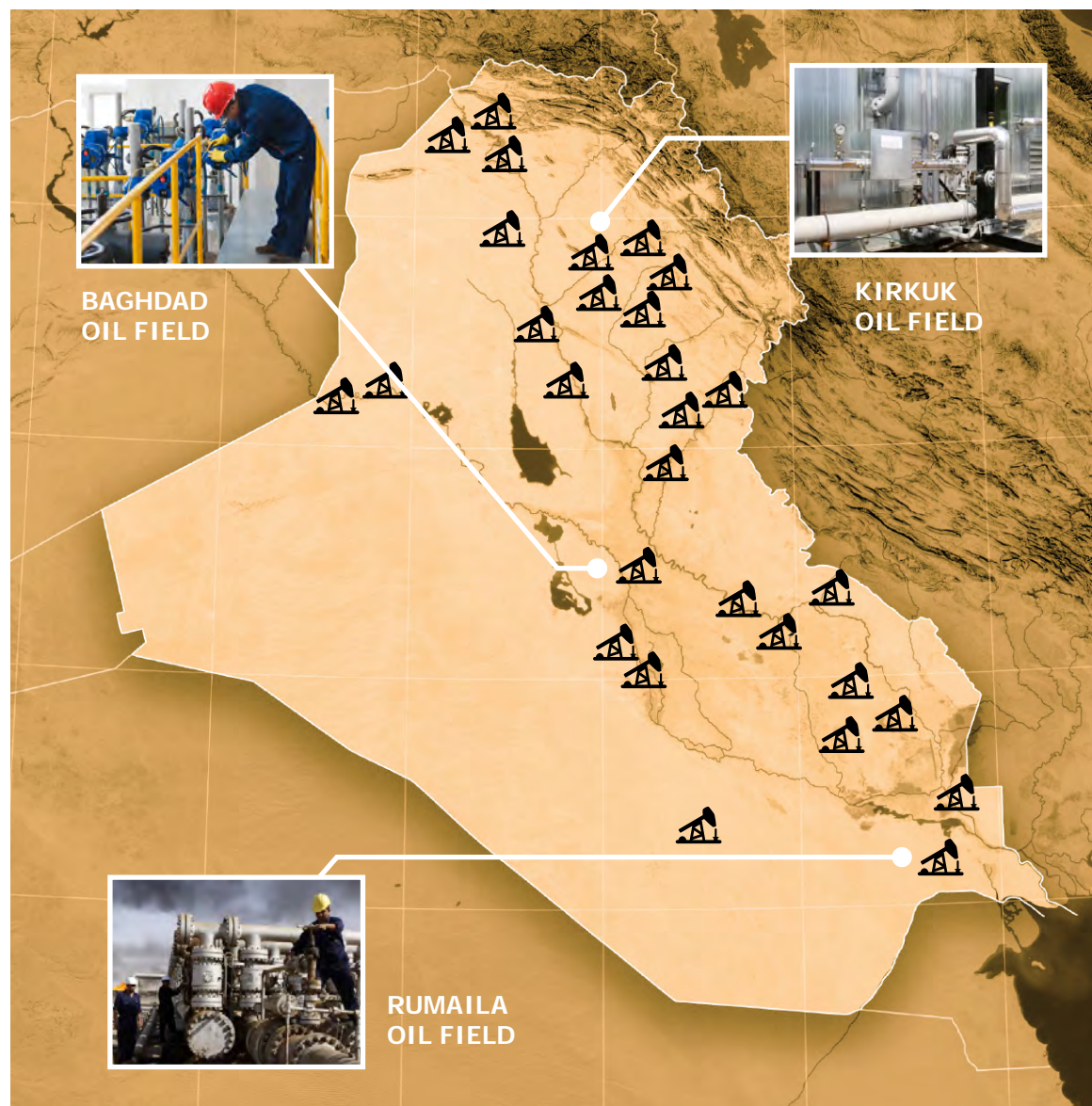


Source: Bloomberg

Source: IEA International Energy Agency, The World Bank

Oil

- Iraq has the world's third largest conventional oil reserves
- Iraq has seven super-giant fields included within its 66 oilfields
- The oil projects in Iraq are amongst the world's least costly to operate
- Over the last five years oil production has increased 70%
- Iraq stands to gain almost US\$ 5 tn in revenue from oil exports by 2035



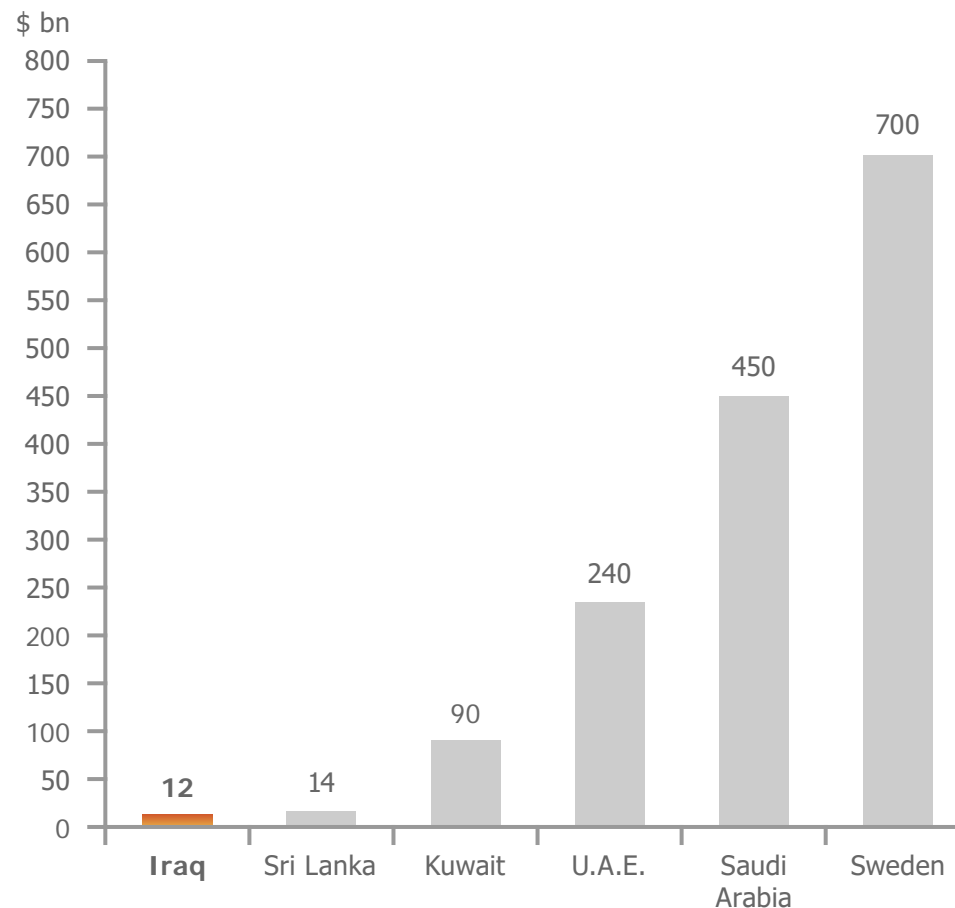
Source: IEA International Energy Agency, The World Bank, IMF World Economic Database



Stock Market

- Iraq Stock Exchange (ISX):
 - Launched in 2004
 - Opened to foreign investors in 2007
 - Daily electronic trading (Nasdaq OMX) since 2009
 - No capital gains or dividend taxes
 - Turnover between US\$ 1-5 per day
 - Just below 100 listed companies
- The ISX market cap represents only 4% of GDP compared to over 80% for neighboring GCC countries
- Minimal but increasing foreign participation
- Low correlation to global stock markets

Huge Growth Potential (Market Cap)



Source: ISX, Bloomberg



Risks

- The political landscape is expected to be turbulent at times
- The economy is heavily dependent on oil
- Frontier stock markets like Iraq are less liquid
- The Iraq Central Depository is the sole custodian for Iraq Stock Exchange clients
- Levels of violence have come down dramatically as IS has been marginalized





Did You Know...

The International Energy Agency estimates that Iraq will be the biggest contributor to global oil supply growth between 2010 and 2035

The largest IPO in the Middle East since 2008 took place in Iraq

Iraq has the lowest production to reserves ratio of major oil producing countries

Iraqi oil is among the cheapest in the world to extract

Source: The World Bank, Bloomberg, IEA International Energy Agency



FMG Iraq Fund

The FMG Iraq Fund offers exposure to the frontier and resource rich soil of Iraq. Despite decades of turbulence, the country is in the middle of a massive oil production expansion which offers attractive growth opportunities in a nascent stock market. The investment objective is to achieve long term capital appreciation by investing in locally traded Iraqi stocks but also in companies that are closely associated with Iraq but traded on other markets. The fund is actively managed, with FMG focusing on a fundamental approach backed up by a long term quantitative model. The frontier nature of the market should over time result in low correlation to global equity markets. FMG considers risk management and fund liquidity an integral element of the portfolio management process. The opportunistic nature of the fund targets investors with a higher risk-reward return profile.

The Model At a Glance

- Determines the rate of acceleration in any given market
- Forecasts turning points and long term direction of the markets
- Rate of change 2 month period vs. weighted rate of change over last 4 years



“Actively managed through a top-down global economic and quantitative model, designed to generate an optimized and well diversified mix of the various asset classes”



FMG Iraq Fund Terms

Minimum Investment*

Class A and L14: USD 10,000

Class B: USD 100,000

Currencies

CHF GBP USD

Dealing

Monthly

Subscription Fee

Class A and B: Up to 5%

Class AL14: None

Redemption Fee

Share Class A and B: None

Share Class L14: Year 1 (5%),

Year 2 (4%), Year 3 (3%),

Year 4 (2%), Year 5 (1%),

Year 6 (0%)

Annual Management Fee

Class A: 2% p.a.

Class B: 1.5% p.a.

Performance Fee

Class A: 20% HWM

Class B: 10% HWM

Fund Launch

May 2010

Subscription Notice Period

By the 25th of each month

Redemption Notice Period

Class A: 45 Calendar Days

Class B: 90 Calendar Days

Share Classes & ISIN

Class A10 USD: BMG8797F2739

Class A11 GBP: BMG8797F3562

Class A11 CHF: BMG8797F3315

Class B10 USD: BMG8797F2812

Class B11 GBP: BMG8797F3646

Class B11 CHF: BMG8797F3497

Class L14 USD: BMG8797F3729

Administrator

Apex Fund Services

Auditors

Deloitte

Custodian

Reyl & Cie

Trustee

IDC - Iraqi Depository Center

Authority

BMA - Bermuda Monetary Authority



*Or equivalent amongst the options listed under "Currencies".

The minimums may not apply to Offshore Portfolio Bonds and/or platforms which may allow down to the equivalent of US \$ 1,000.

Note that this is a marketing document. For detailed descriptions of the terms and conditions, including investment restrictions, as well as brief descriptions of certain risks associated with investing, please refer to the fund's prospectus and offering memorandum.



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