

Arab Bank MENA Fund

Performance Report 30.04.19

A fund of the Arab Bank MENA Fund Company B.S.C. (Closed)

NAV PER SHARE

\$8.61

OBJECTIVES OF THE FUND

The Arab Bank MENA Fund is an open ended mutual fund that offers investors the opportunity to invest in the capital markets of the Middle East and North Africa region (MENA), with a particular focus on listed equities. The Fund aims to achieve an annual average net return in the range of 10% to 15% over a full investment cycle. The Fund aims to carry a lower volatility than that of the market, by dynamically rotating across asset classes, geographies and sectors, depending on market conditions.

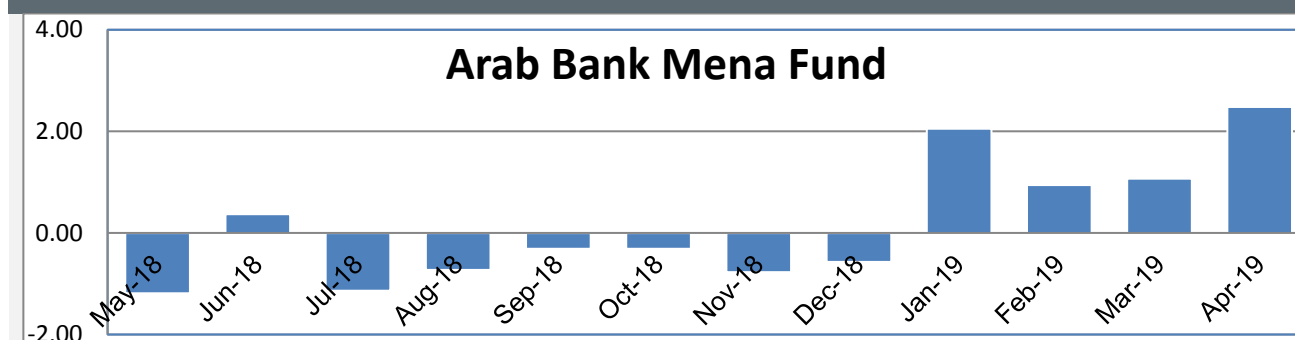
KEY FEATURES

Domicile	Kingdom of Bahrain	Valuation point	Monthly, last business day of the month
Reference currency	USD	Minimum subscription	USD 25,000 & USD 1,000 thereafter
Fund assets	USD 17,386,528	Dealing frequency	Monthly, 5 business days prior to month end
Launch date	October 2005	Fund manager	Al Arabi Investment Group Co (AB Invest)
Administrator	Gulf Clearing Company	BBG code	ARABMNA BI Equity

MONTHLY PERFORMANCE (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Y.T.D.
Arab Bank MENA Fund													
2019	2.05	0.94	1.07	2.48									6.70
2018	0.23	-0.81	0.79	2.30	-1.19	0.37	-1.14	-0.73	-0.31	-0.31	-0.77	-0.57	-2.18
2017	1.01	0.32	1.39	0.78	-1.70	0.97	0.22	-1.03	0.65	-0.57	-3.49	-0.11	-1.65
2016	-10.85	6.29	1.49	2.17	-1.11	-0.06	1.35	-0.90	-1.29	-1.26	5.06	2.19	2.05
2015	1.74	3.12	-3.83	4.81	-0.54	0.08	-0.16	-9.07	-0.68	-3.22	-1.61	-0.40	-9.99
2014	3.24	2.98	0.84	1.76	2.55	-4.42	6.30	2.72	0.40	-5.45	-6.04	-2.75	1.28

MONTHLY RETURN OVER THE PAST TWELVE MONTHS



RETURN PERCENTAGES

1 month	2.48%	3 months	4.55%	Since inception	-13.92%
6 months	5.27%	12 months	1.82%		

PERFORMANCE STATISTICS

	The Fund
Annualised return	-1.1%
Annualised volatility	13.6%
Sharpe ratio	NM
Maximum month	13.7%
Minimum month	-23.5%
% Positive months	55.2%
Worst 12 months	-70.2%
Best 12 months	110.9%

TOP TEN HOLDINGS

	Country	%
Siniora Food Industries	Jordan	11.69%
Dubai Islamic Bank	UAE	10.93%
Emaar Properties	UAE	8.46%
Saudi Airlines Catering	KSA	7.11%
Ooredoo	Oman	5.53%
SAMBA Financial Services	KSA	4.94%
Aramex	UAE	4.46%
Arab Bank	Jordan	3.18%
Palestine Telecommunications	Palestine	2.59%
Fawaz Abdulaziz Al Hokair	KSA	2.27%

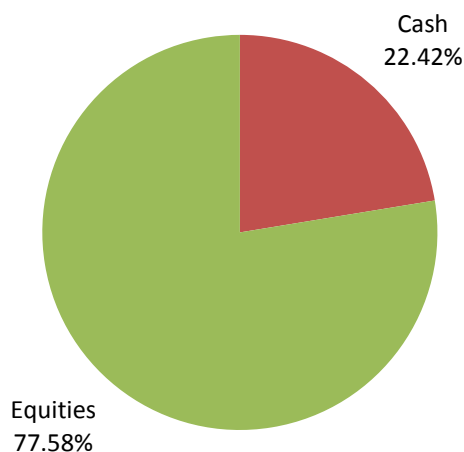


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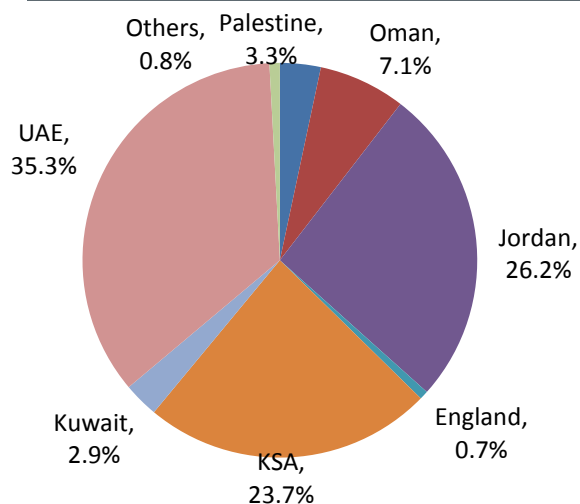
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ASSET ALLOCATION



GEOGRAPHIC ALLOCATION (EQUITIES)



COMMENTARY

MENA markets in April continued on their upward trend for the year following the rise in global equity markets. The S&P Pan Arab Investable Index added 3.50% (YTD +6.06%) and the Dow Jones MENA Index added 4.16% (YTD +12.15%). Meanwhile, Shariah-compliant equity in the region showed slightly lower growth with the Dow Jones Islamic Market MENA Index rising 2.65% (YTD +8.40%). Consequently, the Arab Bank MENA Fund appreciated 2.48% (YTD +6.70%) and the IIAB Islamic MENA Fund gained 2.65% (YTD +7.18%). In turn, the AB MENA Feeder Fund increased 2.45% (YTD +6.52%) and the IIAB MENA Feeder Fund went up by 2.62% (YTD +7.00%).

The International Monetary Fund (IMF)'s Managing Director, Christine Lagarde, said global growth has lost momentum since the start of the year, leaving the world economy in a risky position. The IMF cut its outlook for global growth for the third time in six months to the lowest level since the financial crisis owing to a bleaker outlook in most major advanced economies. In its latest World Economic Outlook report, the world economy is expected to grow by 3.3% this year, down from the 3.5% it had forecast for 2019 in January. In light of that, the IMF's Deputy Managing Director warned policy makers to "do no harm" as the rise of downside risks calls for precautionary measures. "With trade tensions, not knowing where monetary policy is going to go, not knowing how Chinese growth will turn out, it's time to make sure policymakers do no harm."

In general, global equity markets rose this past month. In the U.S. the S&P 500 rose 3.93% (YTD +17.51%) and the Dow Jones Industrial Average Index gained 2.56% (YTD +14.00%). At the same time, the French CAC 40 Index went up by 4.41% (YTD +18.09%), the German DAX jumped 7.10% (YTD +16.91%), and the FTSE 100, failing to match European market performances due to pressures to reach a Brexit deal, rose 1.91% (YTD +10.26%). In addition, the Japanese Nikkei Index gained 4.97% (YTD +11.21%), the Hang Seng appreciated by 2.23% (YTD +14.91%), while the Shanghai Composite shed 0.40% (YTD +23.43%).

In terms of regional markets' performances, Jordan's ASE General Index slid 5.37% in its second monthly decline for the year and, with it, reversed all gains in 2019 (YTD -5.10%). The Egyptian EGX30 Index, however, rose 1.24% in April (YTD +14.46%). In the GCC, the Kuwaiti Premier Market Index gained 1.01% (YTD +14.81%), the Bahraini Index appreciated by 1.46% (YTD +7.23%), and the Qatari Index went up by 2.67%, bringing its year-to-date performance back into positive territory (YTD +0.76%). In Saudi Arabia, the TASI jumped 5.50% in the lead up to another phase of FTSE Russell Emerging Markets inclusion on the last day of the month (YTD +18.88%). Meanwhile in the UAE, the DFM General Index advanced by 5.02% (YTD +9.38%), and the Abu Dhabi General Index appreciated 3.61% to push its yearly performance into the black (YTD +6.98%). On the other hand, Oman's MSM30 Index was once again among the few declining indices as it fell by 0.95% (YTD -8.74%).

In Saudi Arabia, the Finance Minister said that the kingdom recorded a budget surplus of SAR27.8 billion (USD7.41 billion) in the first quarter of the year. This is the country's first surplus since oil prices plunged in 2014. The government had projected a deficit of SAR131 billion for this year, lower than last year's SAR136 billion. After years of weak growth, Riyadh plans to increase state spending by 7% in 2019 to an all-time high of SAR1.106 trillion to spur growth; expenditure in the first quarter came to SAR217.6 billion, slightly higher than in 2018. Furthermore, the Purchasing Manager's Index (PMI) for the Saudi non-oil private sector remained at 56.8 in April, the highest level since the end of 2017. The survey cited strong growth in output and new orders despite a highly competitive market.



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In other GCC news, Kuwait signed an agreement to support Bahrain's economy as part of a series of fiscal reforms undertaken by Bahrain. The newly signed "multi-party cooperation framework" formalizes a previously agreed package for supporting the economic reforms and financial stability of Bahrain. The previously agreed package refers to the USD10 billion in financial aid pledged by Kuwait, Saudi Arabia and the UAE last year to save the country from a potential debt crisis.

Jordan is reportedly in talks with the World Bank to discuss a USD1 billion soft loan to cut the cost of its debt repayments and revive the economy which has been strained by more than a million Syrian Refugees. At the World Economic Forum meeting at the Dead Sea, the Prime Minister said the government is "moving on several fronts to reduce the high debt burden by considering concessional loans and focusing on triggering economic growth". As such, the government is seeking a 30-year facility at an interest rate of 4%. Regional wars have taken a toll on the economy, with unemployment at a two-decade high leading to periods of unrest. However, the recent reopening of Jordan's border with Iraq has driven an annual 13.6% increase in Jordanian exports in the first quarter of 2019. The two countries also plan to connect their electric grids and build an industrial zone near the border. Jordan is supposed to start receiving oil from Iraq by tanker "very soon," the Prime Minister reported, under a February deal for 10,000 barrels of crude per day. A planned oil pipeline from Basra to Aqaba is forecast to "see the light" in three years.

As for developments in Egypt, the IMF has determined four economic measures for the government to take before releasing the last USD2 billion tranche of its USD12 billion Extended Fund Facility. The measures include the automation of the fuel pricing mechanism and issuing rules for the acquisition of state-owned firms by the private sector, in addition to improving the Central Bank's management of foreign reserves and conducting a number of privatization transactions on the Egyptian Exchange (EGX). The Purchasing Manager's Index (PMI) for the country's non-oil private sector strengthened to 50.8 in April, breaching the 50 mark that separates growth from contraction. The reading is Egypt's highest since August of 2015. Business link the improvement in business conditions to greater market movement and increased demand.

In oil news, the International Energy Association (IEA) said that global oil markets have been tightening with the drop in OPEC supply, though economic threats could lead to lower demand forecasts. Crude inventories are expected to decline for the rest of the year as Saudi Arabia and its partners curb production, and economic and political turmoil bear down on Venezuelan, Iranian, and Libyan exports. Moreover, while the agency kept its estimates for 2019 global consumption growth unchanged at 1.4%, it highlighted a number of concerns including the trade dispute between China and the U.S., modest demand recovery in the Middle East, and weakness in European countries. In April, Brent oil rose 6.45% (YTD +35.32%) and WTI oil gained 6.27% (YTD +40.74%).

We will be keeping a close eye on the markets in the next few months, hunting for overbeaten stocks in the aftermath of the market upgrades expected to take place, the conclusion of the dividends season and the rising uncertainty of the global trade wars.

INVESTMENT METHODOLOGY AND EDGE

AB Invest is one of the most experienced and fastest growing MENA investment managers operating out of Jordan. AB Invest provides its clients with a number of MENA-focused investment solutions on conventional and Sharia-compliant bases. Our investment process is based on rigorous fundamental analysis with a view on delivering superior risk-adjusted returns, using a combination of top-down and bottom-up approaches. Our deep knowledge of the markets in which we invest allows us to deliver consistent returns while prudently managing risk.

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