

# Arab Bank MENA Fund

Performance Report 30.04.20

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

NAV PER SHARE

\$7.59

## 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.

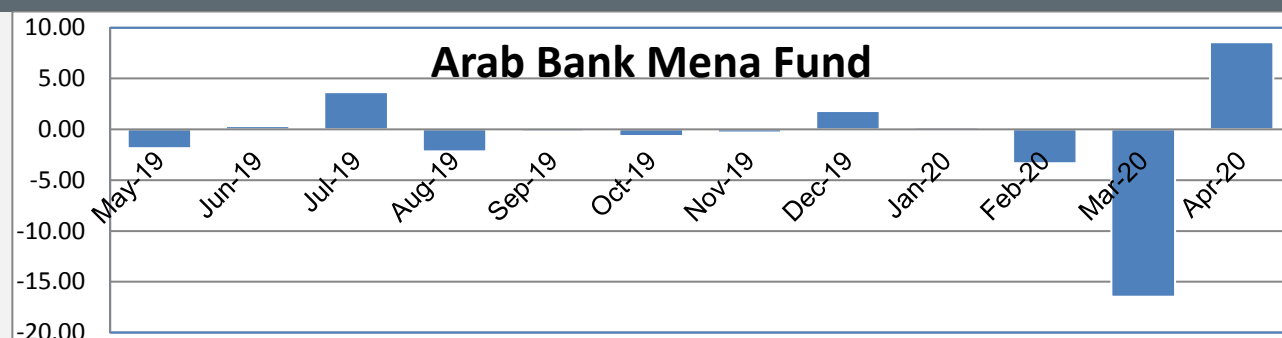
## KEY FEATURES

|                    |                       |                      |   |
|--------------------|-----------------------|----------------------|---|
| 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 11,919,699        | 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. |
|----------------------------|--------|-------|--------|------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| <b>Arab Bank MENA Fund</b> |        |       |        |      |       |       |       |       |       |       |       |       |        |
| 2020                       | 0.21   | -3.33 | -16.49 | 8.57 |       |       |       |       |       |       |       |       | -12.16 |
| 2019                       | 2.05   | 0.94  | 1.07   | 2.48 | -1.86 | 0.33  | 3.65  | -2.17 | -0.23 | -0.65 | -0.32 | 1.80  | 7.13   |
| 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  |

## MONTHLY RETURN OVER THE PAST TWELVE MONTHS



## RETURN PERCENTAGES

|          |         |           |         |                 |         |
|----------|---------|-----------|---------|-----------------|---------|
| 1 month  | 8.57%   | 3 months  | -12.35% | Since inception | -24.08% |
| 6 months | -10.87% | 12 months | -11.80% |                 |         |

## PERFORMANCE STATISTICS

|                       | The Fund |
|-----------------------|----------|
| Annualized return     | -1.9%    |
| Annualized volatility | 14.1%    |
| Sharpe ratio          | NM       |
| Maximum month         | 13.7%    |
| Minimum month         | -23.5%   |
| % Positive months     | 54.3%    |
| Worst 12 months       | -74%     |
| Best 12 months        | 118.7%   |

## TOP TEN HOLDINGS

|                              | Country   | %      |
|------------------------------|-----------|--------|
| Dubai Islamic Bank           | UAE       | 12.57% |
| Aramex                       | UAE       | 8.62%  |
| Emaar Properties             | UAE       | 7.79%  |
| Ooredoo                      | Oman      | 6.72%  |
| Saudi Airlines Catering      | KSA       | 6.22%  |
| SAMBA Financial Services     | KSA       | 4.40%  |
| Abu Dhabi Commercial Bank    | UAE       | 4.06%  |
| Palestine Telecommunications | Palestine | 3.87%  |
| Arab Bank                    | Jordan    | 3.68%  |
| Human Soft Holding           | Kuwait    | 3.47%  |

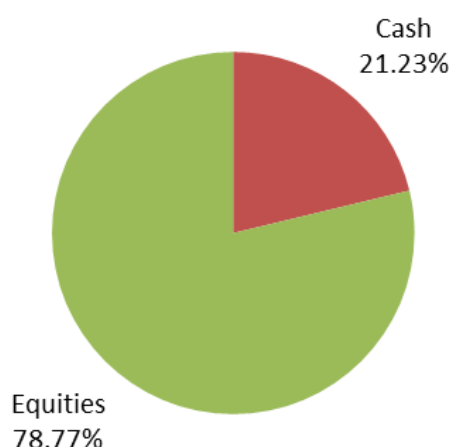


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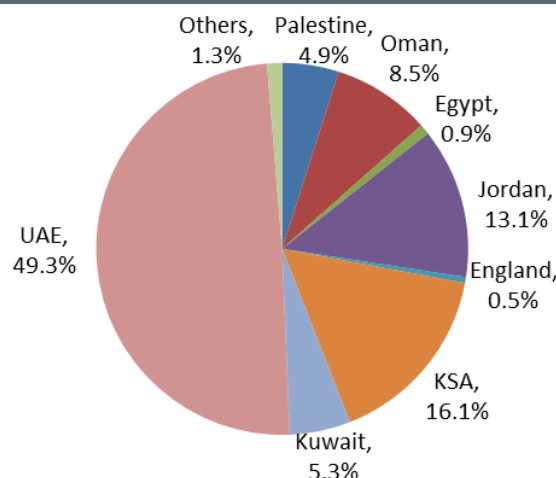
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## ASSET ALLOCATION



## GEOGRAPHIC ALLOCATION (EQUITIES)



## COMMENTARY

MENA markets rebounded strongly in April clawing back some of the losses incurred in March as fears about the economic impact of COVID-19 subsided. The S&P Pan Arab Investable Index jumped 7.78% (YTD -19.00%), and the Dow Jones MENA Index surged by 7.89% (YTD -18.86%). In the Sharia compliant capital markets, the Dow Jones Islamic Market MENA Index was up by 7.71% (YTD -15.74%).

In correlation to regional indices, the Arab Bank MENA Fund also increased by 8.57% (YTD -12.16%) and the IAB Islamic MENA Fund was up by 6.49% (YTD -7.89%). Meanwhile, The IAB MENA Feeder Fund gained 6.53% (YTD -8.22%).

The DFM recorded the region's largest gains in April, rising by 14.41% (YTD -26.70%), while the Bahraini index was the worst performing national index after shedding 2.95% for the month (YTD -18.60%). Meanwhile, Saudi's Tadawul gained 9.34% (YTD -15.21%), and the indices of Qatar and Abu Dhabi were up by 6.78% (YTD -15.94%) and 13.27% (YTD 16.66%) respectively. Meanwhile, in the region's other financial markets, the Egyptian EGX30 gained 10.01% (YTD -24.41%).

Aside from the Covid-19 pandemic news, the major news this month was the OPEC+ agreement to a historical 10 million barrel cut of oil production, which equates to a tenth of global supply. The move aimed to support crashing oil prices witnessing a dual demand-supply shock which saw WTI Crude trade in negative territory for the first time in history as traders raced to offload their contracts while storage capacity dwindled. Meanwhile, global travel and transport ground to a halt due to the spread of the coronavirus and a disagreement between Russia and Saudi Arabia on production cuts threatened to flood the market with excess supply.

In global economic news, the IMF published a report which expects that the global economy will shrink by 3% in 2020 due to the effect of the coronavirus. The shrinkage rate expected would be the worst since the Great Depression in the 1930s. On the bright side, the IMF forecasted that the global economy will rebound in 2021 by 5.8% although it noted that the forecasts are susceptible to "extreme uncertainty".

The IMF expects the MENA region's GDP to shrink by 3.3% in 2020 before registering a positive growth of 4.2% in 2021. The same report forecasts that the GDP of Libya will shrink by 58% in 2020, and that the Lebanese economy will shrink by 12% to become the most hit economies of the region. Oil dependent countries are expected to post larger declines in their GDP on average than their regional oil importing neighbors. The GDP of Saudi Arabia, UAE, Qatar, Iraq, Bahrain, and Kuwait are expected to decline by 2.3%, 3.5%, 4.3%, 4.7%, 3.6%, and 1.1% respectively. Meanwhile, the GDP of Jordan and Morocco are expected to shrink by 3.7% each. Egypt stands alone among the region's large economies as the IMF expects that the country's GDP will expand by 2%.

Global markets have also rebounded strongly during the month. In the U.S., the S&P 500 shot up by 12.68% (YTD -9.85%) and the Dow Jones gained 11.08% (YTD -14.69%). Meanwhile in Europe, the German DAX increased by 9.32% (YTD -18.02%), the French CAC 40 appreciated 4.00% (YTD -23.52%), and the FTSE 100 was up by 4.00% (YTD -21.76%). In the Far East, the Nikkei Index rose by 6.75% (YTD -14.64%), the Shanghai Composite Index was up 3.99% (YTD -6.23%), and the Hang Seng Index gained 4.41% (YTD -12.58%).

Elevated volatility and rising uncertainties in real economies and capital markets persist, despite recent green shoots with lockdowns easing across the world and economic activity picking up. We maintain a conservative approach in terms of asset allocation and positions exposures but our healthy cash levels allow us to capitalize on buying undervalued stocks for short-term and long-term gains. We continue to screen and evaluate fundamentally sound stocks that offer good value across different countries and sectors while aiming to minimize risk and volatility.



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## 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.

## DISCLAIMER

Whilst the information contained in this report is provided in good faith, no representation or warranty, express or implied, is made to its accuracy or completeness.

Arab Bank MENA Fund is a Fund created and sponsored by the Arab Bank MENA Fund Company B.S.C. (Closed) and is an open-ended investment Fund registered under the Laws of the Kingdom of Bahrain.

This fact sheet is issued by Al Arabi Investment Group Co. (AB Invest) - formerly known as Atlas Investment Group. AB Invest is a wholly-owned subsidiary of the Arab Bank Group and is an investment banking firm headquartered in Amman, Jordan.

This Fact Sheet is not an invitation to make an investment, nor does it constitute an offer for sale. In addition, it does not constitute as an advertisement in a country where the Fund is not registered for sale. The full documentation required to make an investment is available from AB Invest at its registered address: Building No.3, Shmesani - Esam Ajlouni Street, Amman 11814, Hashemite Kingdom of Jordan.

Past performance should not be taken as a guide to the future. The value of investments can fall as well as rise.

