

# Arab Bank MENA Fund

Performance Report 30.09.18

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

NAV PER SHARE

\$8.20

## 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.

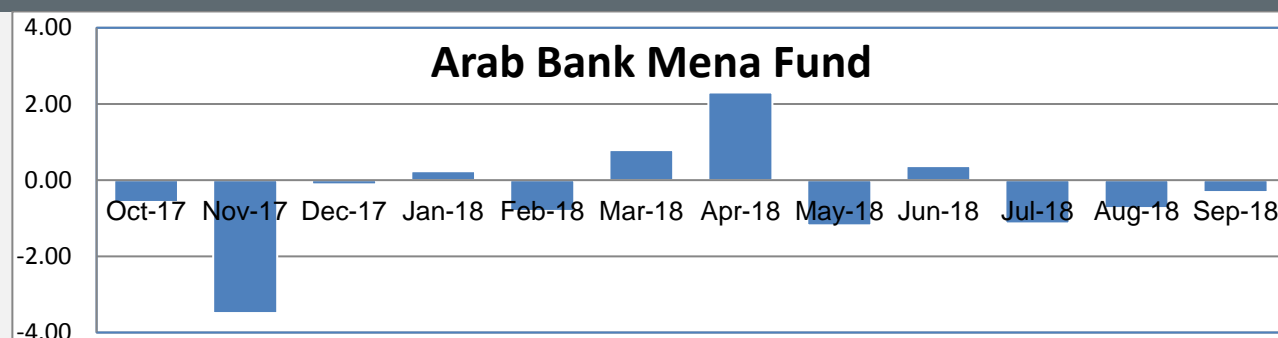
## KEY FEATURES

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 16,988,018	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>													
2018	0.23	-0.81	0.79	2.30	-1.19	0.37	-1.14	-0.73	-0.31				-0.55
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
2013	3.57	-0.75	1.02	1.87	1.48	-1.64	3.02	-1.21	1.19	1.24	1.99	1.60	14.09

## MONTHLY RETURN OVER THE PAST TWELVE MONTHS



## RETURN PERCENTAGES

1 month	-0.31%	3 months	-2.17%	Since inception	-17.97%
6 months	-0.75%	12 months	-4.67%		

## PERFORMANCE STATISTICS

	The Fund
Annualised return	-1.5%
Annualised volatility	13.9%
Sharpe ratio	NM
Maximum month	13.7%
Minimum month	-23.5%
% Positive months	55.1%
Worst 12 months	-70.2%
Best 12 months	110.9%

## TOP TEN HOLDINGS

	Country	%
Dubai Islamic Bank	UAE	11.21%
Siniora Food Industries	Jordan	9.24%
Emaar Properties	UAE	9.22%
Saudi Airlines Catering	KSA	7.28%
Ooredoo	Oman	6.26%
SAMBA Financial Services	KSA	5.22%
Aramex	UAE	5.02%
Arab Bank	Jordan	3.44%
Palestine Telecommunications	Palestine	2.86%
Dallah Health Care Holding	KSA	2.42%

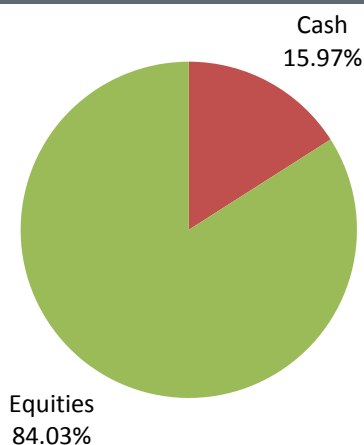


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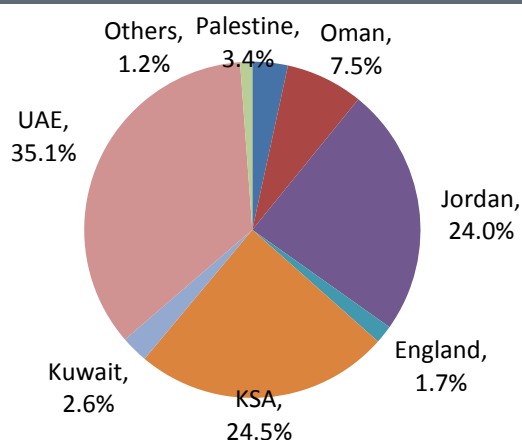
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## ASSET ALLOCATION



## GEOGRAPHIC ALLOCATION (EQUITIES)



## COMMENTARY

MENA markets retreated during the month. The S&P Pan Arab Investable Index slipped 1.11% (YTD +2.63%) and the Dow Jones MENA Index lost 0.40% (YTD +7.83%). Islamic markets performed similarly; the Dow Jones Islamic Market MENA Index fell by 0.44% (YTD +5.29%). The Arab Bank MENA Fund shed 0.31% (YTD -0.55%) and the IIAB Islamic MENA Fund lost 1.80% (YTD -5.34%). In turn, the AB MENA Feeder Fund fell by 0.35% (YTD -0.93%) and the IIAB MENA Feeder Fund went down by 1.86% (YTD -5.90%).

In the GCC, the Saudi Arabian TASI closed the month up 0.65% (YTD +10.70%) after it fell over 6% during the first two weeks. The Saudi index recovered alongside a recovery in oil prices, where Brent Crude rose by 6.85% (YTD +23.70%) to USD82.72. Additionally, U.S. West Texas Intermediate gained 4.94% to close at USD73.25 (YTD +21.23%). Oil prices grew stronger with news of a new round of sanctions on Iran, OPEC's third largest producer, and expectations that OPEC may not be able to replace the shortfall.

In Dubai, the DFM Index slipped 0.18% (YTD -15.88%) and Abu Dhabi's ADMS Index dropped 1.03% (YTD +12.21%). Furthermore, the Qatari Index shed 0.74% but remained strong as of the beginning of the year at +15.13%, while Kuwait's Premier Market Index gained 1.56% (+8.05% since the index's inception in April). In Oman, the MSM30 Index gained 2.82% (YTD -10.90%) and, in Bahrain, the Index edged up by 0.03% (YTD +0.51%). Outside the GCC, the Egyptian EGX30 Index slid down by 8.70%, erasing all the gains it made during the year and pushing it into negative territory at -2.68%. Meanwhile in Jordan, the ASE General Index lost 0.51% to extend its yearlong decline (YTD -7.11%).

In macroeconomic news, Saudi Arabia put into effect its latest round of Saudisation measures. The decision requires four (out of 12) retail activities to be 70% Saudised; the sectors include automotive, apparel, home appliances and furniture. Several shops had reportedly shut down their business before the decision came into effect. According to the Ministry of Labor and Social Development, the decision will provide job opportunities for 30,000 Saudi nationals. The nationalization of the remaining eight activities should be completed by January 2019.

On the global front, the French CAC 40 Index gained 1.60% (YTD +3.41%) and the German DAX Index lost 0.95% (YTD -5.19%). The UK's FTSE 100 Index rose by 1.05% to reverse part of the previous month's decline of 4.08%, but remained negative for the year (YTD -2.31%). In East Asian markets, equities saw improvements with the Nikkei Index adding 5.49% (YTD +5.95%) and the Shanghai Composite Index gaining 3.53% (YTD -14.69%). Whereas the Hang Seng Index shed 0.36% (YTD -7.12%).

In the U.S., the S&P 500 Index gained 0.43% (YTD +8.99%) and the Dow Jones Industrial Average Index rose by 1.90% (YTD +7.04%). The major news this month was the U.S. and Canada agreeing to a trade deal with Mexico. The three countries reached an agreement to replace the 24-year-old North American Free Trade Agreement (NAFTA) with what is to be called "the U.S.-Mexico-Canada Agreement", or USMCA. In other U.S. news, the Federal Reserve raised interest rates to a range of 2.00%-2.25% and left its plans to steadily tighten monetary policy intact as it forecasts the U.S. economy to enjoy at least three more years of growth.

In response to the rise in the U.S. Fed rate, the central banks of Saudi Arabia, the UAE, Bahrain, Qatar, and Jordan followed suit and hiked their main policy rates by the same 0.25% margin. However, Kuwait's Central Bank decided to keep its key discount rate unchanged.

We continue to take opportunistic gradual positions in certain overbeaten exposures at the equity, sector and country levels. Our overall strategy remains fundamentally based, with slight reallocations as markets reprice.



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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.

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

