

Arab Bank MENA Fund

Performance Report 30.03.23

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

NAV PER SHARE

\$9.78

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.

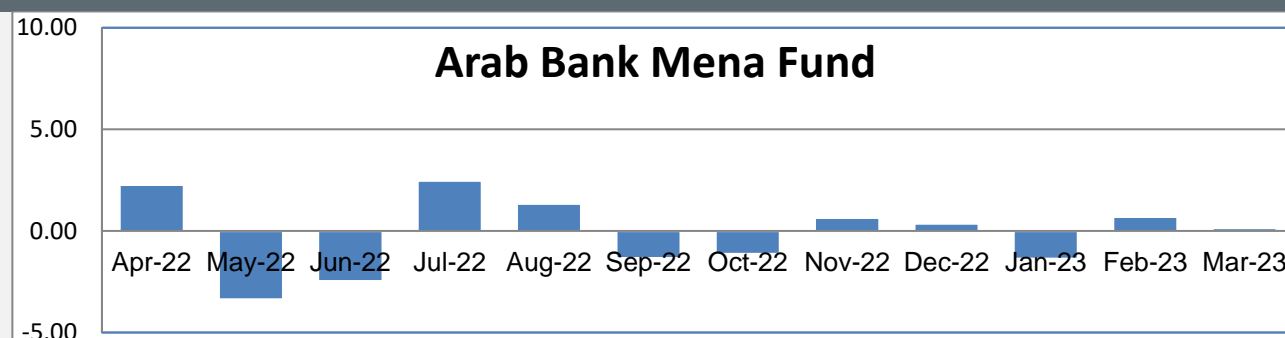
KEY FEATURES

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 14,023,371	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													
2023	-1.36	0.68	0.14										-0.54
2022	0.12	1.46	1.90	2.26	-3.37	-2.46	2.47	1.33	-1.33	-1.13	0.64	0.36	2.08
2021	2.93	-1.63	-1.44	1.46	5.11	0.78	-1.31	2.75	-1.41	2.93	0.05	1.49	12.08
2020	0.21	-3.33	-16.49	8.57	-2.27	3.59	-0.63	3.57	2.17	-0.81	3.68	3.45	-0.52
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

MONTHLY RETURN OVER THE PAST TWELVE MONTHS



RETURN PERCENTAGES

1 month	0.14%	3 months	-0.54%	Since inception	-2.16%
6 months	-0.68%	12 months	-1.92%		

PERFORMANCE STATISTICS

	The Fund
Annualized return	-0.1%
Annualized volatility	13.2%
Sharpe ratio	NM
Maximum month	13.7%
Minimum month	-23.5%
% Positive months	55.7%
Worst 12 months	-74.0%
Best 12 months	119.3%

TOP TEN HOLDINGS

	Country	%
Dubai Islamic Bank	UAE	14.57%
Emaar Properties Company	UAE	11.80%
OOREDOO OMR	Oman	5.47%
Palestine Telecommunications Company	Palestine	4.15%
Saudi Airlines Catering	KSA	3.26%
Arab Bank	Jordan	3.22%
Aramex	UAE	3.18%
Dubai Electricity & Water AU	UAE	2.44%
Eastern Company for Tobacco	Egypt	2.42%
Tecom Group	UAE	2.30%

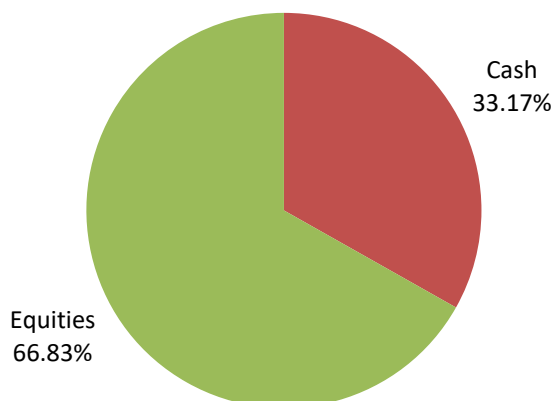


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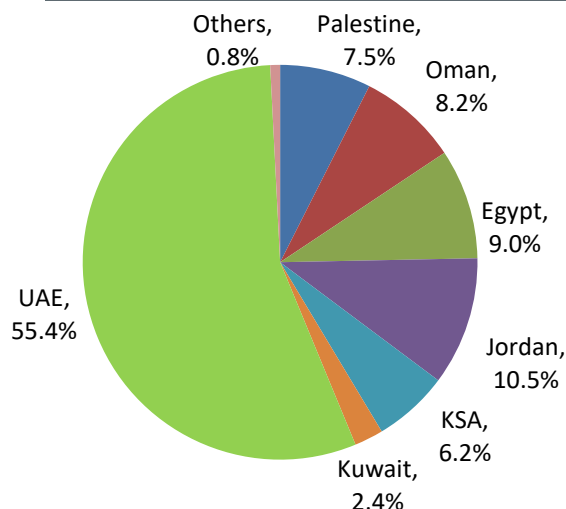
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ASSET ALLOCATION



GEOGRAPHIC ALLOCATION (EQUITIES)



COMMENTARY

MENA markets have barely moved during the month of March as the holy month of Ramadan kicked in and with it the trading activity subdued. The S&P Pan Arab Investable Index inched up 0.08% (YTD -2.09%), and the Dow Jones MENA Index was flat, recording 0.00% (YTD -2.33%). On the other hand, the Arab Bank MENA Fund rose 0.14% (YTD -0.54%). The Dow Jones Islamic Market MENA Index on the other hand was slightly down, losing -0.20% (YTD 0.13%). The IIAB MENA Fund also lost 0.60% (YTD -1.44%). The IIAB MENA Feeder Fund consequently was down by 0.65% (YTD -1.59%).

The region's capital markets were mostly down during the month of March except for two. The Saudi Arabian TASI was the region's top performer, going up by 4.82% (YTD 1.03%), followed by the only other market to end the month on a positive note, the Omani stock exchange which was up 2.31% (YTD 0.12%). On the losing front, the Abu Dhabi index led all markets, dropping by 4.21% (YTD -7.65%), followed closely by the Egyptian Stock Exchange and the Qatari index which were down by 3.43% (YTD 12.47%) and 3.39% (YTD -4.39%) respectively. The list was rounded up by the Kuwait Premier Market Index which was down by 3.07% (YTD -3.62%), the Bahraini index which dropped 2.34% (YTD -0.46%), the Jordanian ASE index which fell by 2.03% (YTD 3.98%) and the Dubai Financial Market which dropped by 0.90% (YTD 2.12%).

Global capital markets on the other hand were mostly up as expectations grew that the interest rate increase cycle is nearing to an end. In the U.S., the S&P 500 Index surged by 3.51% (YTD 7.03%), while the Dow Jones gained 1.89% (YTD 0.38%). In Europe, there was a disparity in the performance of major indices. The French CAC 40 Index has gone up by 0.75% (YTD 13.11%), the German DAX gained 1.72% (YTD 12.25%), while the FTSE 100 plunged by 3.10% (YTD 2.42%). In Asia, indices were largely positive, with the Hang Seng gaining 3.10% (YTD 3.13%), and the Shanghai Composite shedding 0.21% (YTD -5.94%). Meanwhile, the Nikkei index was also up by 2.17% (YTD 7.46%).

In major news for the month of March, the Federal Reserve raised interest rates by a quarter percentage point, though wording has departed from previous statements signaling "ongoing increases", in a sign we are nearing the end of the rate hike cycle. This was perhaps prompted by the banking crisis witnessed in March which saw the collapse of SVB Bank and two other regional banks leading to a bank run on customer deposits. In a speech aimed at calming nerves, US Treasury Secretary Janet Yellen told bankers that she is prepared to intervene to protect depositors in smaller U.S. banks suffering deposit runs that threaten more contagion amid the worst financial system turmoil in more than a decade.

In regional news, Iran and Saudi Arabia will restore diplomatic ties, easing a geopolitical rivalry in the Persian Gulf that has unnerved oil markets. The countries have been reaching out to each other for at least the past two years, first secretly and gradually more publicly. It's part of a broader regional realignment that's seen several old foes reestablish or forge new ties. The deal to restore relations, which includes commitments to reopen embassies, was signed in China after days of negotiations between secretary of Iran's Supreme National Security Council Ali Shamkhani and his Saudi counterpart.

Meanwhile, ratings' agency Moody's has said that closures of Signature Bank and Silicon Valley Bank (SVB) have shaken investor confidence and will likely lead to tightening liquidity across global debt markets. But for most rated banks in GCC countries the effect will likely be limited due to structural features including their broad franchises and large government presence across the banks' balance sheets. Also, GCC banks are not materially exposed to the failed US banks and are not as susceptible to large losses from held-to-maturity debt securities.



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Finally, Bahrain's economy grew at the fastest pace since 2013 last year, fueled by an acceleration in non-oil growth, according to preliminary government data. Overall economic output grew nearly 5%, driven by 6.2% growth in the non-oil sector, higher than anticipated by the government's recovery plan launched in 2021 in response to the coronavirus pandemic. Hotels and restaurants led growth in the non-oil sector, followed by government services and then real estate.

Equity markets in MENA will be driven next month by corporate earnings' announcement and dividend distribution. We believe positive results are in store after strong economic growth in GCC economies last year and elevated oil prices.

We continue to selectively sell on strength and reallocate into overbeaten markets, and maintain healthy cash positions in anticipation of the cooling off cycle at which point we will begin to build positions at reasonable levels. This is expected to provide our investors with the optimal long term returns for their investment.

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.

