

Arab Bank MENA Fund

Performance Report 31.01.24

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

NAV PER SHARE

\$10.55

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.

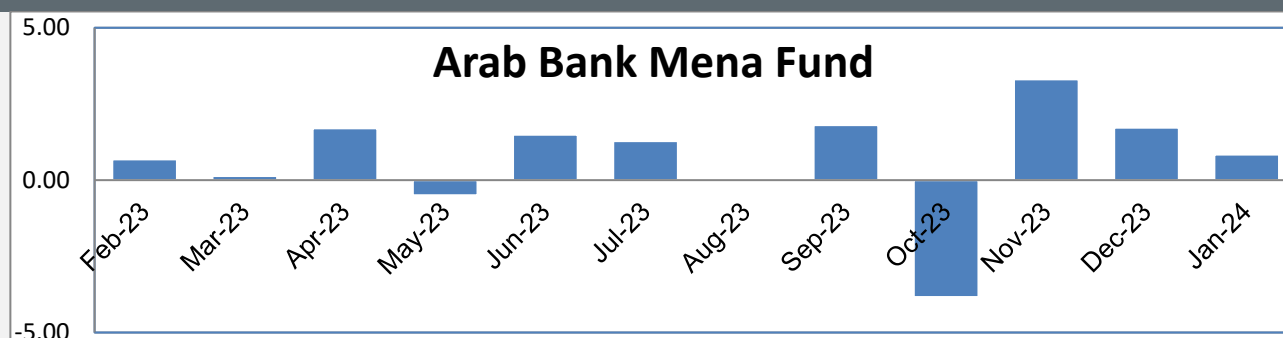
KEY FEATURES

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 14,638,824	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													
2024	0.84												0.84
2023	-1.36	0.68	0.14	1.70	-0.48	1.49	1.28	-0.05	1.81	-3.84	3.31	1.72	6.39
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

MONTHLY RETURN OVER THE PAST TWELVE MONTHS



RETURN PERCENTAGES

1 month	0.84%	3 months	5.96%	Since inception	5.54%
6 months	3.69%	12 months	8.76%		

PERFORMANCE STATISTICS

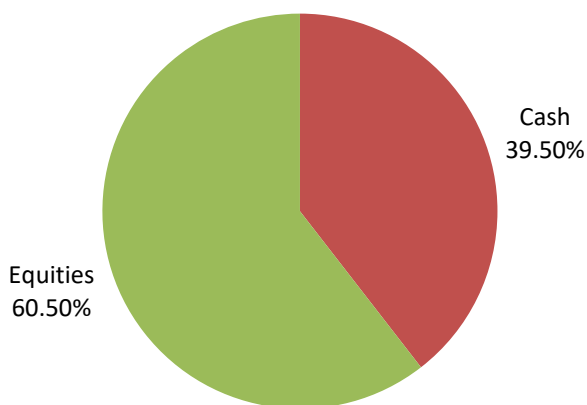
	The Fund
Annualized return	0.3%
Annualized volatility	13%
Sharpe ratio	NM
Maximum month	13.7%
Minimum month	-23.5%
% Positive months	56.4%
Worst 12 months	-74.0%
Best 12 months	119.3%

TOP TEN HOLDINGS

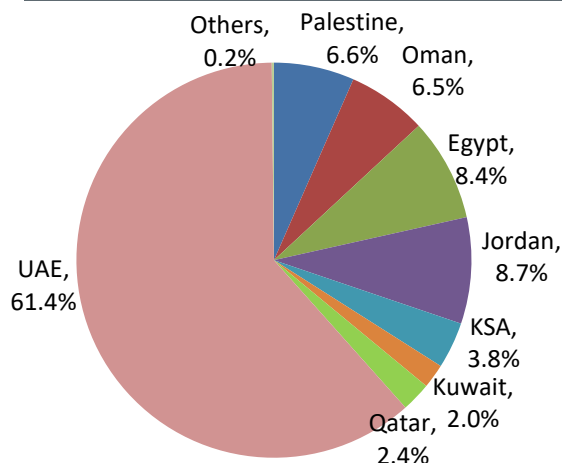
	Country	%
Dubai Islamic Bank	UAE	16.45%
Emaar Properties Company	UAE	11.40%
OOREDOO OMR	Oman	3.94%
Palestine Telecommunications Company	Palestine	3.38%
Arab Bank	Jordan	2.95%
Aramex	UAE	2.94%
Cairo Poultry Company	Egypt	2.52%
Dubai Taxi Company	UAE	2.10%
Cairo Investment & Real Estate Development	Egypt	1.77%
Dubai Electricity & Water AU	UAE	1.75%



ASSET ALLOCATION



GEOGRAPHIC ALLOCATION (EQUITIES)



COMMENTARY

MENA equity markets began 2024 slightly lower after a strong December to close 2023. US Fed signaling that the expected interest rate cuts will not be as deep or soon as expected further dented the market. The S&P Pan Arab Investable Index shed 0.20%, and the Dow Jones MENA Index was down by 0.14%. The Arab Bank MENA Fund on the other hand bucked the trend, gaining 0.84% during the month of January. On the Sharia-compliant front, the Dow Jones Islamic Market MENA Index was significantly down, falling by 1.42%. The IAB MENA Fund performed better, shedding a mere 0.11%. The IAB MENA Feeder Fund consequently fell by 0.13%.

The performance of the region's capital markets has been mixed during the month of January, with six markets up and three down. The Egyptian Stock Exchange led the charge, surging by 13.61%. It was followed by the Kuwait Premier Market, which went up by 6.45%.

Next in line was the Bahraini index, which gained 4.85%. The Dubai Financial Market, the Jordanian ASE and the Omani Capital Market rounded up the list, rising by 2.69%, 2.04% and 1.06% respectively. On the losing front, the Doha Stock Exchange was the biggest loser, plunging by 6.85% during January. The Saudi Arabian TASI and the Abu Dhabi Stock Exchange were next in line, falling by 1.43% and 0.73% respectively.

Global capital markets on the other hand were mostly up in January, as the shadow of interest rate cuts in the US looms, reinvigorating equity capital markets around the globe. In the U.S., the S&P 500 Index gained 1.59%. The Dow Jones meanwhile was also up 1.22%. In Europe, most indices were also positive to close the month. The French CAC 40 Index gained 1.51% and the German DAX was up by 0.91%, while the FTSE 100 was the exception, falling by 1.3%. Asian markets had a high variance in performance. The Hang Seng dropped by 9.16%, while the Shanghai Composite shed 6.27%. Meanwhile, the Nikkei index surged by 8.43%.

In January's top news, the International Monetary Fund raised its forecast for global growth this year on better-than-expected expansion in the US and fiscal stimulus in China, while warning of risks from wars and inflation. The world economy will grow 3.1% this year, up from 2.9% seen in October, the Washington-based institution said in its quarterly World Economic Outlook. The Fund kept its 2025 forecast unchanged at 3.2%. Tighter central-bank policy to fight inflation and public-spending cuts in some countries are among the reasons why growth is expected to be slower than in the two decades before the pandemic, when it averaged 3.8%.

Furthermore, credit rating agency Fitch no longer forecasts a U.S. recession this year due to several signs of strength in the economy, Fitch Ratings' Chief Economist Brian Coulton said in a webinar. The Federal Reserve is likely to cut interest rates three times in 2024, he said. Fitch last year downgraded the U.S. government's top credit rating to AA+ from AAA, citing fiscal deterioration and repeated down-to-the-wire debt ceiling negotiations that threaten the government's ability to pay its bills.

In MENA, Saudi Arabia's economy contracted at a slower pace in the fourth quarter, as the world's biggest crude exporter extended its oil output cuts in an attempt to push up prices. Gross domestic product shrank 3.7% compared with a year earlier, after a decline of 4.4% in the previous quarter, according to preliminary data released on Wednesday by the kingdom's statistics agency. For 2023 as a whole, the economy shrank 0.9%, its first full-year drop since the global pandemic.

Moreover, a record 431 Dubai homes were sold for more than USD10 million each in 2023, nearly doubling the previous year's tally and making it the largest such market in the world, according to research from property agency Knight Frank shared with Reuters. House prices in Dubai's three 'prime' residential areas - Palm Jumeirah, Emirates Hills and Jumeirah Bay Island - are however forecast to increase at a more modest 5% in 2024 after adding 15.9% in the year to September 2023, according to Knight Frank. House prices outside those luxury areas leapt 19% over the year and are forecast by the agency to grow by 3.5% in 2024.



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The year 2024 presents a new set of challenges that need to be navigated. Mainly the USD interest rate direction and several geopolitical tensions arising from the ongoing wars in Gaza and Ukraine, which have short and long term bearings on the markets.

We continue to have a high conviction for investment in MENA equity markets, more so on our portfolio holdings, and believe the elevated prices for oil will benefit the mostly hydrocarbon-rich region and support their equity markets in the short to medium term.

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.

