

# Arab Bank MENA Fund

Performance Report 31.03.24

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

NAV PER SHARE

\$10.32

## 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.

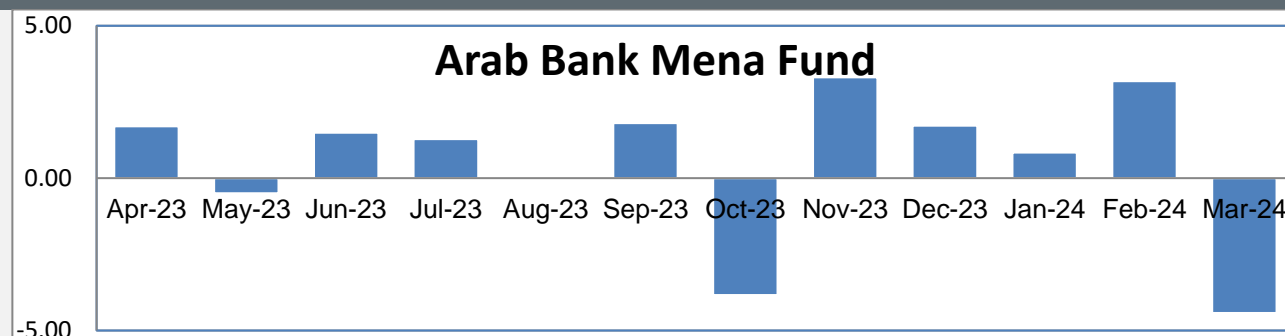
## KEY FEATURES

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 14,316,591	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>													
2024	0.84	2.32	-4.42										-1.38
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	-4.42%	3 months	-1.38%	Since inception	3.22%
6 months	-0.35%	12 months	5.50%		

## PERFORMANCE STATISTICS

	The Fund
Annualized return	0.2%
Annualized volatility	13%
Sharpe ratio	NM
Maximum month	13.7%
Minimum month	-23.5%
% Positive months	56.3%
Worst 12 months	-74.0%
Best 12 months	119.3%

## TOP TEN HOLDINGS

	Country	%
Dubai Islamic Bank	UAE	14.97%
Emaar Properties Company	UAE	12.43%
OOREDOO OMR	Oman	4.04%
Palestine Telecommunications Company	Palestine	3.51%
Aramex	UAE	3.47%
Arab Bank	Jordan	2.86%
Al Yah Satellite Communications	UAE	2.63%
Dubai Taxi Company	UAE	2.15%
Dubai Electricity & Water	UAE	1.74%
Cairo Amman Bank	Jordan	1.71%

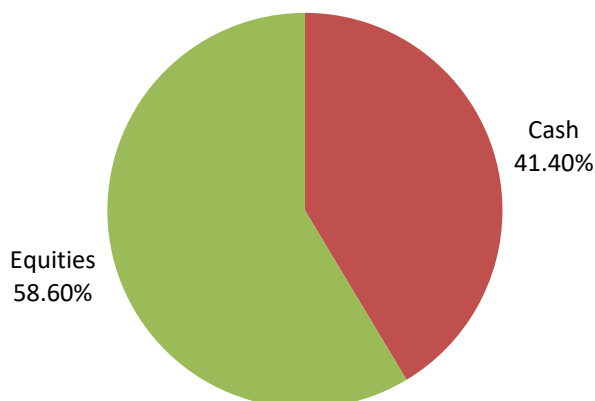


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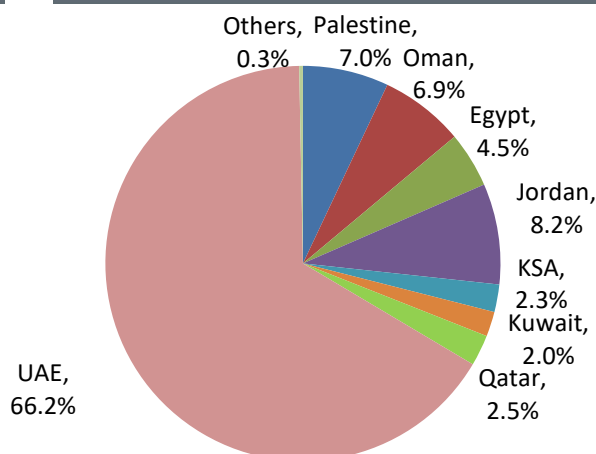
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## ASSET ALLOCATION



## GEOGRAPHIC ALLOCATION (EQUITIES)



## COMMENTARY

MENA markets have stumbled during the month of March as investors cashed in on their profits after a strong first couple of months and Egyptian pound devaluation have led the Egyptian equity market down significantly. The S&P Pan Arab Investable Index crashed 3.11% (YTD 0.15%), and the Dow Jones MENA Index recorded a loss of 3.60% (YTD -0.50%). On the other hand, the Arab Bank MENA Fund followed suit, falling by 4.42% (YTD -1.38%). The Dow Jones Islamic Market MENA Index was also down, losing -2.19% (YTD -0.01%). The IIAB MENA Fund also lost 5.76% (YTD -3.05%). The IIAB MENA Feeder Fund consequently was down by 5.68% (YTD -3.14%).

The region's capital markets were mostly down during the month of March except for two. The Bahraini index was the region's top performer, gaining 1.86% (YTD 3.61%), followed by the Omani Stock Exchange which was up 1.78% (YTD 2.69%). On the losing front, the Egyptian Stock Exchange led all markets, dropping by an incredible 7.18% (YTD 7.99%) after the devaluation of the Egyptian Pound. In a close second, the Qatari Index fell by 5.99% (YTD -9.08%), followed by the Saudi Arabian TASI which was down 1.82% (YTD 3.61%). The Kuwait Premier Market Index, the Dubai Financial Market and the Jordanian ASE were next in line, falling by 1.50% (YTD 7.48%), 1.45% (YTD 4.59%) and 1.20% (YTD 0.27%) respectively. Finally, the Abu Dhabi Index rounded up the list, falling by 0.29% (YTD -3.65%).

Global capital markets on the other hand were all up as positive messaging from central banks about upcoming rate cuts boosted optimism around equity markets. In the U.S., the S&P 500 Index surged by 3.10% (YTD 10.16%), while the Dow Jones gained 2.08% (YTD 5.62%). In Europe, the French CAC 40 Index has gone up by 3.51% (YTD 8.78%), the German DAX gained 4.61% (YTD 10.39%), while the FTSE 100 has gone up by 4.23% (YTD 2.84%). In Asia, indices were also all positive, with the Hang Seng gaining 0.18% (YTD -2.97%), and the Shanghai Composite gaining 0.86% (YTD 2.23%). Meanwhile, the Nikkei index gained 3.07% (YTD 20.63%).

In major news for the month of March, Federal Reserve officials maintained their outlook for three quarter-point rate cuts this year but forecast fewer cuts than before in 2025 following a recent uptick in inflation. Officials decided unanimously to leave the benchmark federal funds rate in a range of 5.25% to 5.5%, the highest since 2001, for a fifth straight meeting. Policymakers signaled they remain on track to cut rates this year for the first time since March 2020, but they now see just three reductions in 2025, down from four forecast in December, based on the median projection. This comes as the US economy grew faster than previously estimated in the fourth quarter, boosted by strong consumer spending and business investment in nonresidential structures like factories and healthcare facilities. The report from the Commerce Department showed profits rising at a solid clip last quarter, driven by nonfinancial corporations. Increasing profits, together with rising worker productivity, could encourage companies to retain their employees, and extend the economic expansion.

In regional news, Egypt has gone from the brink of economic disaster to unlocking more than \$40 billion of investments and loans from the United Arab Emirates and the International Monetary Fund, with the likelihood of more to come from Saudi Arabia and others. Egypt secured an expanded \$8 billion deal with the International Monetary Fund, hours after the central bank unshackled its currency and delivered a 600-basis points rate hike in a push to stabilize the economy. Additionally, Egypt would obtain a \$1.2 billion loan for environmental sustainability, bringing its total from the IMF to more than \$9 billion, the government said. The currency weakened to beyond 50 Egyptian pounds to the dollar - far beyond previous records - from about 30.85 pounds, a level Egypt has for months tried to defend.



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Furthermore, Saudi Arabia transferred an 8% stake in Aramco to the country's Public Investment Fund, as the kingdom reorganizes its holdings to boost the sovereign wealth fund ahead of a potential public offering in the oil giant. The stake is worth roughly \$163.6 billion, according to Aramco's market capitalization. Saudi Arabia is poised to sell more shares in Aramco later this year, sources told Reuters last month, which could boost financing for the kingdom's ambitious economic reform agenda known as Vision 2030. The fund has held a 4% stake in Aramco since 2022 and indirectly holds another 4% that was transferred last year to Sanabil, which it wholly owns.

Equity markets in MENA will be driven next month by corporate earnings' announcement and dividend distributions. We believe positive results are in store after strong economic growth in GCC economies last year and elevated oil prices though some geopolitical risks remain and could cause turmoil in the region's equity markets.

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 rebuild 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.

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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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