

# Arab Bank MENA Fund

Performance Report 31.12.23

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

NAV PER SHARE

\$10.47

## 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.

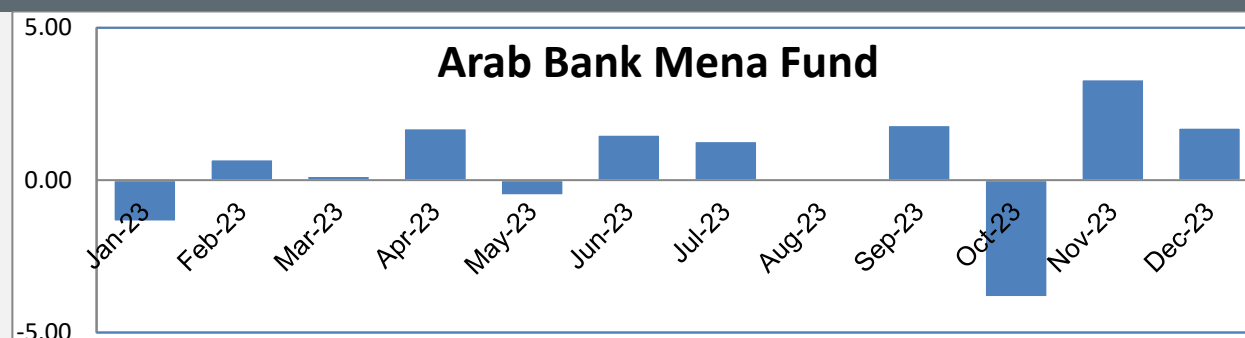
## KEY FEATURES

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 14,517,366	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>													
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
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	1.72%	3 months	1.05%	Since inception	4.67%
6 months	4.14%	12 months	6.39%		

## PERFORMANCE STATISTICS

	The Fund
Annualized return	0.3%
Annualized volatility	13%
Sharpe ratio	NM
Maximum month	13.7%
Minimum month	-23.5%
% Positive months	56.2%
Worst 12 months	-74.0%
Best 12 months	119.3%

## TOP TEN HOLDINGS

	Country	%
Dubai Islamic Bank	UAE	15.02%
Emaar Properties Company	UAE	12.26%
OOREDOO OMR	Oman	4.22%
Palestine Telecommunications Company	Palestine	3.51%
Aramex	UAE	3.22%
Arab Bank	Jordan	2.93%
Cairo Poultry Company	Egypt	2.25%
Al Tajamout For Touristic Projects	Jordan	1.98%
Dubai Electricity & Water AU	UAE	1.73%
Cairo Investment & Real Estate Development	Egypt	1.69%

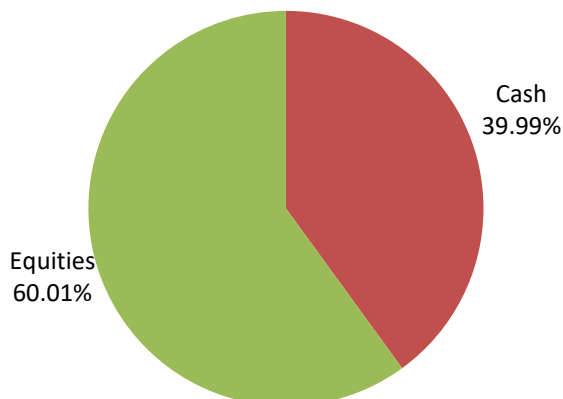


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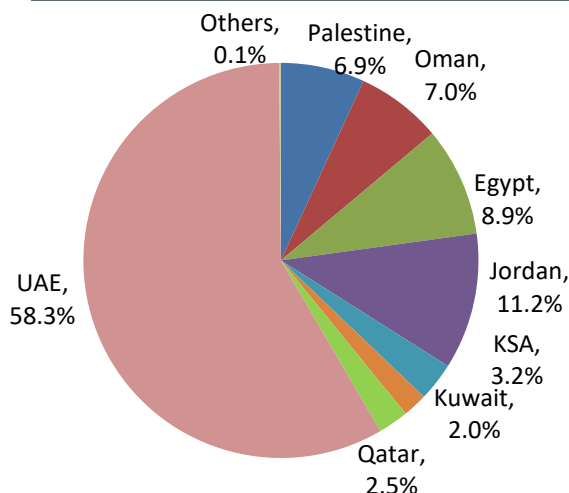
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## ASSET ALLOCATION



## GEOGRAPHIC ALLOCATION (EQUITIES)



## COMMENTARY

MENA equity indices staged a late comeback in 2023, surging in December amid optimism of USD rate cuts in 2024. The S&P Pan Arab Investable Index rose 5.03% (YTD 5.63%), and the Dow Jones MENA Index was up by a similar 5.05% (YTD 4.99%) to creep back into positive territory to close the year. The Arab Bank MENA Fund also ended December in the green, surpassing the said indices for the year and rising by 1.72% (YTD 6.39%). The Dow Jones Islamic Market MENA Index was similarly up, recording gains of 4.53% (YTD 6.13%). The IIAB MENA Fund finished the month up, gaining 1.41% (YTD 0.76%). The IIAB MENA Feeder Fund consequently gained 1.30% (YTD -0.09%).

The performance of the region's equity markets was almost unanimously positive for the month of December with the exception of the Muscat Stock Exchange, which recorded losses of 3.09% (YTD -7.07%). The list of advancing indices has been spearheaded by the Qatari index, gaining 7.86% (YTD 1.40%), followed closely by the Saudi Arabian TASI which was up 7.07% (YTD 14.21%). Next up were the Kuwait Premier Market Index, the Dubai Financial Market and the Bahraini Index which were up by 2.54% (YTD -7.87%), 1.69% (YTD 21.69%), and 1.64% (YTD 4.02%) respectively. The list is rounded by the Jordanian ASE index which was up by 1.01% (YTD -2.81%), the Egyptian Stock Exchange which has gained 0.64% (YTD 70.53%) and the Abu Dhabi Index which advanced 0.19% (YTD -6.20%).

Global capital markets also experienced an upturn. All major indices, except for two, have recorded gains to end the year on a positive note. The S&P 500 Index gained 4.42% (YTD 24.23%), while the Dow Jones dropped by 4.84% (YTD 13.70%). In Europe, the French CAC 40 Index was up by 3.18% (YTD 16.52%), the German DAX rose 3.31% (YTD 20.31%) and the FTSE 100 had gone up by 3.75% (YTD 3.78%). In Asia, the Nikkei index had fallen by 0.07% (YTD 28.24%), while the Hang Seng was the sole index in Asia ending the year positively though barely just, gaining 0.03% (YTD -13.82%). Meanwhile, the Shanghai Composite fell 1.81% (YTD -3.70%).

December's headlining news was that the Federal Reserve held interest rates steady for a third meeting and gave its clearest signal yet that its aggressive hiking campaign is finished by forecasting a series of cuts next year. Officials decided unanimously to leave the target range for the benchmark federal funds rate at 5.25% to 5.5%, the highest since 2001. Policymakers penciled in no further interest-rate hikes in their projections for the first time since March 2021, based on the median estimate. While Chair Jerome Powell said officials are prepared to hike again if price pressures return, he indicated policymakers are now turning their focus to when to cut rates as inflation continues its descent toward their 2% goal.

This came after the US federal budget deficit jumped 26% in November from a year earlier to USD 314 billion, a record for the month and the highest since March, the Treasury Department said, driven by sharply higher interest costs and other outlays. Economists polled by Reuters had estimated the deficit for the second month of the fiscal year would come in at USD 301.05 billion.

In MENA news, Egyptian inflation eased for a second consecutive month to reach its lowest level since May, handing authorities a measure of good news just as voting begins in presidential elections. Annual urban inflation was 34.6% in November compared to 35.8% the previous month, according to the state-run CAPMAS statistics agency.

Moreover, Saudi Arabia recorded higher budget revenues than expected in 2023 despite a sharp drop in oil prices and production. Still, a ramp-up in spending on Crown Prince Mohammed bin Salman's multi-trillion-dollar plan to diversify the economy left the budget in deficit, according to official figures published.

In Oil news, OPEC+ agreed to deepen its production cuts following a slump in crude prices and predictions of a renewed surplus next year. Members of the group agreed to make 1 million barrels a day of additional oil-supply cuts, delegates said. That reduction comes alongside the much-anticipated extension into next year of Saudi Arabia's voluntary output curb of the same size.



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After a strong showing for equity markets in 2023, we believe 2024 will continue this wave of positivity. Imminent rate cuts should further shift the focus away from fixed-income markets towards equities. In addition, a raft of initial public offerings that happened at the tail end of 2023 which have drawn significant subscriptions will further expand the choices of equity investors.

We continue to monitor and thoroughly examine potential investment opportunities and the general direction of the market to provide our investors with superior risk-adjusted returns on their investments.

## 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.

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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.

