

# MAGNA MENA FUND

30 JUNE 2017



The countries and stockmarkets of the Middle East and North Africa (“MENA”) have recently been in the media spotlight for a number of reasons, including:

- MSCI’s decision to move forward on the reclassification of Saudi Arabia as an emerging market
- The appointment of a new crown prince in Saudi Arabia, bringing clarity and stability to the succession process
- The impending listing of Saudi Aramco, the world’s largest oil company
- The isolation of Qatar from other Arab states
- Egypt’s move to a freely floating foreign exchange regime for the pound
- Good relations with the new US administration under president Donald Trump

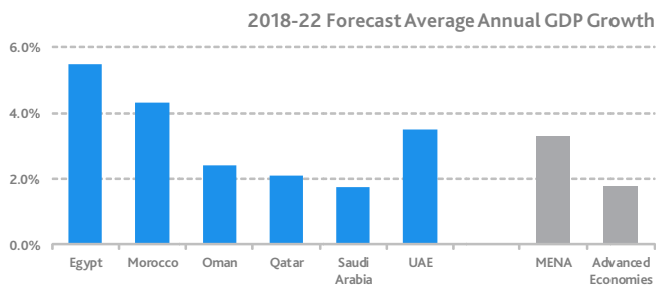
With the region now adjusting to the “new normal” of a USD 50 per barrel oil price, is it time for stockmarkets to move up a gear as the full potential of these young and vibrant economies is unleashed?

## Saudi Reclassification

If the recent reclassification of both Qatar and the UAE is anything to go by, the Saudi stockmarket is set to perform well in the run up to its inclusion in the MSCI Emerging Markets Index, expected to become effective in June 2019, if not November 2018.

Such a market move, instigated by a need for passive funds to obtain an index weighting, will be reinforced by the listing of Saudi Aramco, expected to occur during 2018, as well as the ongoing liberalisation of financial markets along Western lines. In addition, the National Transformation Plan, designed to reduce the Kingdom’s dependence on oil and broaden its economic base, has been given fresh impetus by the confirmation that Mohammed bin Salman, now installed as Crown Prince and destined to become King, will be there to steer his ambitious plans through to fruition.

Indeed, there seem to be few negatives for Saudi Arabia at the moment other than a lacklustre GDP growth rate which in any event serves as a low base from which activity can rebound.

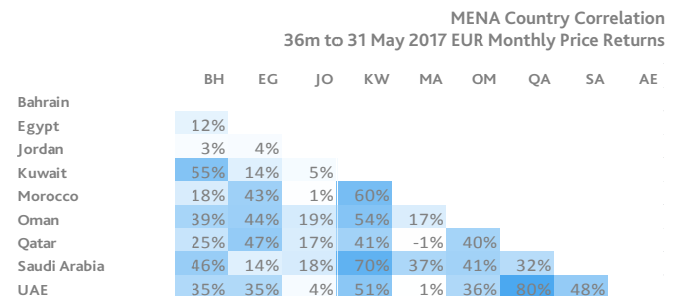


Source: IMF World Economic Outlook April 2017

## The Wider Region

Although Saudi Arabia is a focus for the MENA region, the ability of other economies and markets to deliver attractive returns should not be underestimated. Egypt, for example, stands to gain from the powerful demographic impact of a young and growing population, with market forces also now benefiting from a freely floating currency. In this context Egypt’s authoritarian regime can be seen positively, as a stabilising influence, managing market reforms not blocking them.

Despite their common heritage, markets are also not especially correlated. Other than the obvious relationships such as Qatar with the UAE and Saudi Arabia with Kuwait, share price movements in one market tend not to be followed too closely in another.



Note: The stronger the colour, the stronger the correlation  
A figure within ±50% may be taken to suggest no meaningful correlation

Source: MSCI

The region also has a low correlation with both emerging and developed markets in general. This brings diversification benefits to investors.

# MAGNA MENA FUND



Investors can gain exposure to MENA stockmarkets via Charlemagne Capital's Magna MENA Fund. Under the direction of Akhilesh Baveja, AAA rated by Citywire, this fund has consistently and significantly outperformed underlying markets since inception and is the top ranked fund in its peer group over all time periods other than the very short term. Its propensity to add value under all market conditions can be ascribed to superior stock selection with a relentless ability to recognise quality companies that offer exceptional value.

## PERFORMANCE (%)

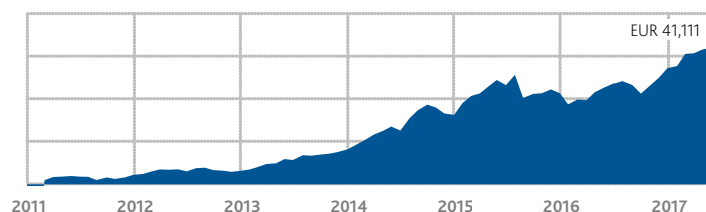
Period to 31 May 2017	1M	3M	YTD	1Y	3Y	5Y	SI
Magna MENA Composite	1.2	3.8	13.3	29.6	22.1	26.8	25.4
S&P Pan Arab Composite Index	-3.4	-6.1	-6.0	9.5	-1.3	5.7	7.4
Added Value	4.5	9.8	19.3	20.1	23.4	21.1	18.0

Calendar Year	2016	2015	2014	2013	2012	2011 <sup>1</sup>
Magna MENA Composite	19.5	19.9	47.1	41.3	8.5	12.4
S&P Pan Arab Composite Index	11.5	-4.8	15.7	20.9	5.1	6.4
Added Value	8.0	24.7	31.4	20.4	3.3	6.0

<sup>1</sup>Since 28 Feb

In the tables and chart to the left, performance is represented by the Magna MENA Composite comprising all share classes of the Magna MENA Fund. Composite performance figures are shown gross, ie before fees, in EUR. The Index is the S&P Pan Arab Composite Index. Performance figures are annualized for periods in excess of one year. In the table below, performance is shown net, with period returns not annualized. Past performance should not be seen as an indication of future performance. Charlemagne Capital claims compliance with the Global Investment Performance Standards (GIPS®), as verified for the period 1 Jun 2000 through 31 Dec 2016 by Ashland Partners. A copy of the verification report and a presentation that adheres to GIPS standards are available upon request to the Marketing Department.

## GROWTH OF EUR 10,000



## PEER COMPARISON (%)

Period to 31 May 2017	3M	YTD	1Y	3Y	5Y	SI
Magna MENA Fund N EUR Share Class	1.9	9.8	25.3	56.5	166.2	227.6
Morningstar Africa & Middle East Equity	-3.0	-1.2	6.8	0.6	44.8	58.0
Peer Group Ranking	4/38	1/37	1/36	1/29	1/24	1/23

## AWARDS & RATINGS



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