

GCC bonds: JP Morgan Emerging Market Bond Index Inclusion

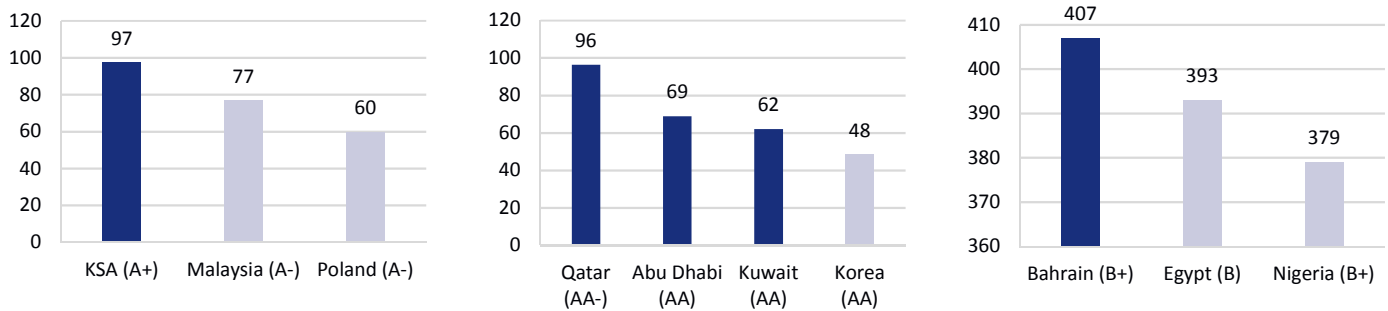
Background: Reuters reported, beginning 31 January 2019 sovereign and quasi-sovereign issuers from the Saudi Arabia, United Arab Emirates, Bahrain, Qatar and Kuwait will become eligible for the JP Morgan Emerging Market Bond Index series. Both conventional bonds and sukuks, will be eligible for index inclusion however, sukuks will need to have a credit rating from at least one of the three major rating agencies. Given that the GCC sovereigns enjoy higher credit ratings, the quality of the overall index is expected to improve post inclusion.

Market Color: As soon as the news broke out on Reuters on 26 September 2018, demand for GCC sovereigns and quasi-sovereigns picked up immediately. Sovereign bond spreads of Saudi Arabia, United Arab Emirates, Bahrain, Qatar and Kuwait tightened by approximately 15-20 basis points on the day. Demand for GCC bonds is expected to remain strong given the improving fundamentals, increasing oil prices and passive inflows.

Positioning and Impact: Saudi Arabia, Qatar, United Arab Emirates, Bahrain and Kuwait are expected to have an approximate weight of 3.1%, 2.7%, 2.6%, 2.1% and 0.8%, respectively. In total the GCC is expected to represent 13% of the of the Index series. Index eligibility is based on minimum outstanding (USD 500 million) and maturity (beyond March 2022). Approximately, USD 300 billion of assets are benchmarked against the JP Morgan Emerging Market Bond Index series. This inclusion would translate into approximately USD 30 billion of passive inflows into the GCC bonds.

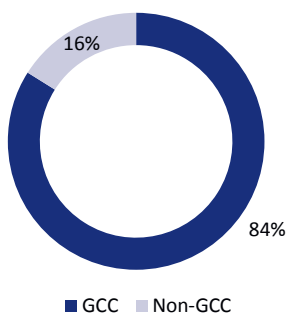
GCC sovereigns trade attractively to similar rated EM peers – opportunity for spread pick-up

Estimated benchmark 10-yr Z-spreads (basis points)

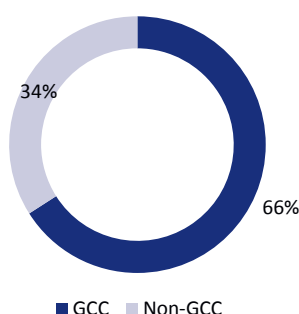


Which Emirates NBD Asset Management funds will benefit?

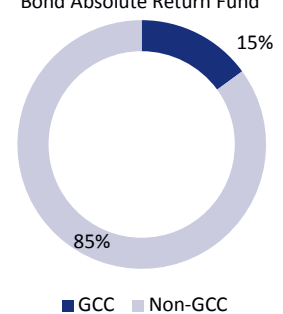
Emirates MENA Fixed Income Fund



Emirates Global Sukuk Fund



Emirates Emerging Market Corporate Bond Absolute Return Fund



Source: Reuters, Bloomberg and Emirates NBD Asset Management. Country allocation for Luxembourg SICAV funds as at 30th August 2018.

Fund	Share Class	Currency	ISIN
Emirates MENA Fixed Income Fund Share Class	B	USD	LU1060352298
Emirates MENA Fixed Income Fund Share Class	B	GBP	LU1060352025
Emirates MENA Fixed Income Fund Share Class	B	EUR	LU1317401237
Emirates MENA Fixed Income Fund Share Class	C	USD	LU1060352538
Emirates MENA Fixed Income Fund Share Class	C	GBP	LU1060352454
Emirates MENA Fixed Income Fund Share Class	C	EUR	LU1317401740
Emirates Global Sukuk Fund	B	USD	LU1060356521
Emirates Global Sukuk Fund	B	EUR	LU1317402557
Emirates Global Sukuk Fund	B	AED	LU1317402987
Emirates Global Sukuk Fund	C	USD	LU1060356877
Emirates Global Sukuk Fund	C	EUR	LU1311566183
Emirates Global Sukuk Fund	C	AED	LU1317403878
Emirates Emerging Market Corporate Bond Absolute Return Fund Accumulation Share	B	USD	LU0971086847
Emirates Emerging Market Corporate Bond Absolute Return Fund Income Share	B	USD	LU0972488182
Emirates Emerging Market Corporate Bond Absolute Return Fund Accumulation Share	B	GBP	LU0971087068
Emirates Emerging Market Corporate Bond Absolute Return Fund Income Share	B	GBP	LU1317407861
Emirates Emerging Market Corporate Bond Absolute Return Fund Accumulation Share	C	USD	LU0971087142
Emirates Emerging Market Corporate Bond Absolute Return Fund Income Share	C	USD	LU0972488349
Emirates Emerging Market Corporate Bond Absolute Return Fund Accumulation Share	C	GBP	LU0971087498
Emirates Emerging Market Corporate Bond Absolute Return Fund Income Share	C	GBP	LU1317408083

Fund	FPI	Generali	Hansard	Old Mutual USD	Zurich Regulars
Emirates MENA Fixed Income Fund	L43	EMHE	MC184/MC184S2	98220	7TUSD
Emirates Global Sukuk Fund	-	EMEE	MC183/MC183S2	98216	I3USD
Emirates Emerging Market Corporate Bond Absolute Return Fund	-	-	-	-	USDGM

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