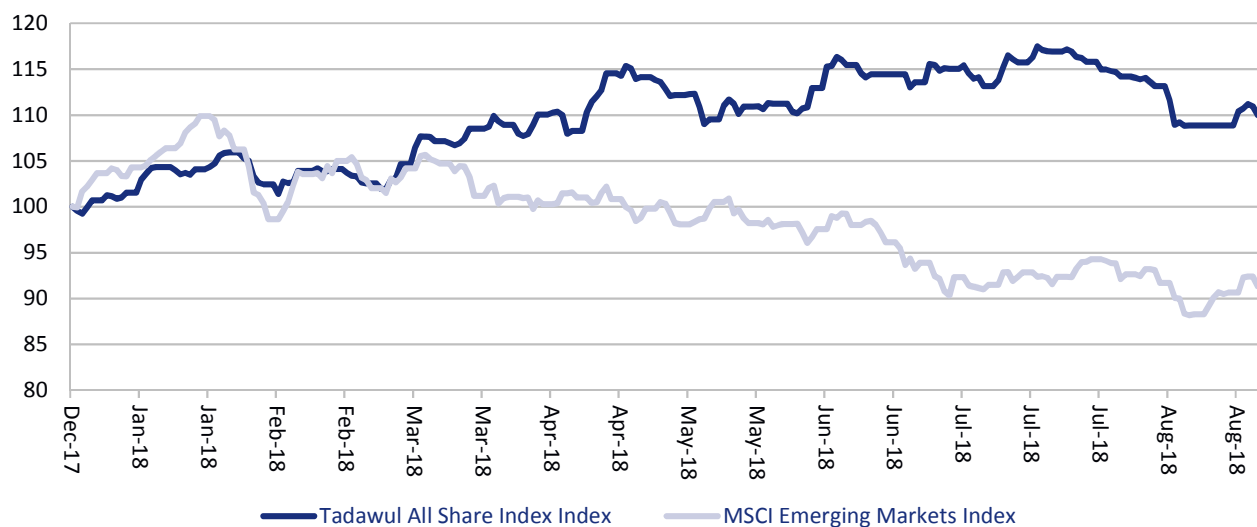


## Saudi market resilient despite general EM selloff



After a stellar 2017, most global Emerging Markets have had a difficult 2018, with the MSCI EM index losing -7.15% YTD (September 27<sup>th</sup> 2018). Fallout from the crises in Argentina and Turkey have undoubtedly added to the downturn, but it's also clear that falling local EM currencies must take a hefty dose of the blame:

## YTD Currency Performance vs USD

Argentina	-53%
Turkey	-40%
Brazil	-20%
Russia	-15%
India	-12%

The Saudi equity market has been broadly immune from the EM sell-off rising 13.46% YTD (September 27<sup>th</sup> 2018), for 3 reasons:

- Currency:** Like most MENA markets, the Saudi market is denominated in USD, insulating itself from currency volatility
- Oil price:** This time last year, very few markets expected the Brent oil price to exceed \$60, never mind the \$80 we see it currently flirting with. At this rate, there's a reasonable chance that Saudi can balance its budget, which would be an unexpected but very welcome development.
- MSCI EM index upgrade:** Between June 2017 and June 2018 global EM asset managers will need to allocate around 2.6% of their portfolios to Saudi Arabia, a similar weighting to the investments they have in countries like Malaysia and Russia. The expected inflows of USD45bn are likely to drive the market higher during this time.

Emirates NBD Asset Management manages a number of daily traded mutual funds with exposure to Saudi Arabia

Fund	Saudi Exposure	YTD Performance
ENBD Saudi Arabia Equity Fund	100%	12.48%
Emirates MENA Top Companies Fund	46%	12.51%
Emirates MENA Opportunities Fund	44%	8.83%

Source: Bloomberg, Emirates NBD Asset Management as at 31<sup>st</sup> August 2018, institutional Share Class, bid to bid, USD terms with net income reinvested.

Fund Codes			
Fund	Share Class	Currency	ISIN
Emirates MENA Top Companies Fund Accumulation Share Class	B	USD	LU1060354310
Emirates MENA Top Companies Fund Income Share Class	B	USD	LU1738496642
Emirates MENA Top Companies Fund Accumulation Share Class	B	GBP	LU1060354237
Emirates MENA Top Companies Fund Income Share Class	B	GBP	LU1738496725
Emirates MENA Top Companies Fund Accumulation Share Class	B	EUR	LU1317407275
Emirates MENA Top Companies Fund Income Share Class	B	EUR	LU1738496998
Emirates MENA Top Companies Fund Accumulation Share Class	C	USD	LU1060354583
Emirates MENA Top Companies Fund Income Share Class	C	USD	LU1738497020
Emirates MENA Top Companies Fund Accumulation Share Class	C	GBP	LU1060354401
Emirates MENA Top Companies Fund Income Share Class	C	GBP	LU1738497293
Emirates MENA Top Companies Fund Accumulation Share Class	C	EUR	LU1317407432
Emirates MENA Top Companies Fund Income Share Class	C	EUR	LU1738497376
ENBD Saudi Arabia Equity Fund Accumulation Share Class	B	USD	LU1060355556
ENBD Saudi Arabia Equity Fund Income Share Class	B	USD	LU1652869105
ENBD Saudi Arabia Equity Fund Accumulation Share Class	B	EUR	LU1317405493
ENBD Saudi Arabia Equity Fund Income Share Class	B	EUR	LU1317405659
ENBD Saudi Arabia Equity Fund Accumulation Share Class	C	USD	LU1060355630
ENBD Saudi Arabia Equity Fund Income Share Class	C	USD	LU1652869956
ENBD Saudi Arabia Equity Fund Accumulation Share Class	C	EUR	LU1317406202
ENBD Saudi Arabia Equity Fund Income Share Class	C	EUR	LU1317406467
Emirates MENA Opportunities Fund Accumulation Share Class	B	USD	LU1060357503
Emirates MENA Opportunities Fund Income Share Class	B	USD	LU1654397675
Emirates MENA Opportunities Fund Accumulation Share Class	B	EUR	LU1317404256
Emirates MENA Opportunities Fund Income Share Class	B	EUR	LU1654397832
Emirates MENA Opportunities Fund Accumulation Share Class	C	USD	LU1060357685
Emirates MENA Opportunities Fund Income Share Class	C	USD	LU1654398210
Emirates MENA Opportunities Fund Accumulation Share Class	C	EUR	LU1317404769
Emirates MENA Opportunities Fund Income Share Class	C	EUR	LU1654398483

Fund	Friends Provident	MetLife	Generali	Hansard	Old Mutual USD	Zurich Regular
Emirates MENA Top Companies Fund	L44	EMT	EMIE	MC185/MC185S2	98368	3MUSD
ENBD Saudi Arabia Equity Fund	n/a	EMH	n/a	n/a	n/a	n/a
Emirates MENA Opportunities Fund	n/a	EMM	n/a	MC136/MC136S2	n/a	n/a

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