

A Dynamic and Ever Growing Market

MENA Capital is a London-based investment management and advisory company. We invited Founder Khaled Abdel Majeed to talk us through the firm and the services it offers within this dynamic and ever growing market.

Founded in 2004 by Khaled Abdel Majeed, MENA Capital's main focus is the stock markets of the Middle East and North Africa 'MENA' region. Khaled, whose focus on the region started in 1994, discusses the firm and the range of services it offers.

"Here at MENA Capital, we offer investment management services that are focused on the stock markets of the Middle East and North Africa. This includes the GCC, Iraq, the Levant and North Africa. We are investors and not traders so do not knock on our door if you have an investment time horizon of less than three years, or need to invest hundreds of millions.

"Overall, we believe that the whole point of investing in underdeveloped markets is to take advantage of market inefficiencies. We have limited our capacity to \$300m so as not to be stuck in the big liquid markets of the Gulf and we also want to be able to invest in medium and smaller listed companies. This is where you will find more inefficiencies and in our part of the world, it becomes difficult to do that if you manage more than \$300m."

"Overall, we treat our clients the way we want to be treated; fairly and with respect."

The firm's core product, the MENA Admiral Fund, was launched in March 2006 and was the first hedge fund to focus on the MENA region. Khaled outlines the fund's strategy and how it works to provide the strongest possible returns.

"Since the inception of the Fund in Mar 2006, we have returned 182% on a gross basis. The regional index (Dow Jones MENA total return index) has delivered -27%. In 2016 we returned 26% vs. 8.5% the index. All this was achieved with lower volatility than the index. As is clear from the index performance, we have faced many headwinds. When we started in 2006, the index fell 31%. We were up 12.5%. In 2008 when the financial crisis hit, the index was down 51%. We lost just 2%.

Subsequently we got through the Arab Spring and the collapse in oil prices relatively unscathed. This outperformance is due to a conservative approach to a volatile region."

Ultimately, Khaled believes that the ongoing success of the firm will revolve around its client focused approach.

"Overall, we treat our clients the way we want to be treated; fairly and with respect. During the financial crisis, we did not gate any of our investors, and any investor that asked us to waive our one-month notice period for withdrawing their money, we granted the request with no questions asked. Also because we do not have (nor want) hundreds of clients, we are able to service them properly.

"Finally, we are transparent in our communications with them. We tell them about our concerns, our mistakes, and not just our successes. Managing a hedge fund makes that easier. If we managed just long only funds, we would be under pressure to always view the region with rose-tinted glasses so as to attract investors. In our case, we can and do say the markets are overvalued, and not in effect advise the client to withdraw their money. Shorting enables us to be objective, and as such moving forward this will remain our ongoing approach as we aim to build upon our current success."

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