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CBD's Al Dana GCC Income Fund posts a record year with returns of 13.8% in 2012



- Current fund size of \$77 million now ranks one of the top funds in the category.
- The fund returned 11.79% in 2010 and 5.62% in 2011, despite challenging financial markets

Commercial Bank of Dubai's Al Dana GCC Income Fund has posted record returns of 13.8 per cent in 2012, of which 6 per cent has been paid out as dividends in June and December.

At a time when average fixed income yields have come down significantly, the CDB fund achieved double-digit returns through an active approach to investing in high quality regional bonds and participating in new issuances

The fund's solid performance is linked to strong investment guidelines that provide diversified portfolio of high quality bonds across geographies, issuers, sectors and maturities.

The fund's current size, \$77 million, makes it one of the top funds in the category. Initially offered exclusively to the high net worth clients of CBD, the Al Dana GCC Income Fund now allows any investor to tap into the region's bond market opportunities.

"The fund is managed by an experienced investment committee that has strong knowledge and technical expertise in the fixed income space and a detailed understanding of the GCC markets," said Moukarram Atassi, Head of Investment Group at CBD. "We follow strict investment guidelines, balancing risks and returns with the purpose of generating regular income and outperforming the prevailing cash rates. The fund is diversified by geography, issuer and sector with clearly defined limits; it also participates in new issuances from the region."

"The fund focuses at providing good return on capital, as well as return of capital to investors," said Atassi.

The fund was launched in February 2010 to make the most of a financial climate where some investors had adjusted their investment views – after suffering big losses since the 2008 global financial crisis – and sought capital protection of their assets and stable returns through conservative investments.

"In this situation, there were great opportunities for astute and liquid investors," said Atassi. "High quality assets were trading at deep discounts, particularly in the GCC. Credit spreads (the gap in the value of two securities with different prices

but similar interest rates and maturities) in the region were significantly wider than historical norms and other emerging market spreads relative to their credit ratings and outlook. Keeping client requirements in mind, the Investment Group at CBD identified this opportunity and decided that it would be an appropriate time to launch a fixed income fund targeting bonds and sukuk issued by governments, government-related entities and corporate firms in the GCC region.”

The fund has attractive features like weekly liquidity and semi-annual coupon. Since the fund offers a conservative way of investing with above average returns, it has received an overwhelming response.

Atassi added, “On a relative basis, GCC bonds still offer a good investment opportunity. Moreover, the pipeline of new issuances in the region looks attractive, giving additional yield pick-up opportunities. CBD's Al Dana GCC Income Fund is well positioned to capture these opportunities.”