

# IIAB Islamic MENA Fund

Performance Report 28.10.20

A Fund created by IIAB Islamic MENA Fund Company B.S.C. (Closed)

NAV PER SHARE

\$5.95

## OBJECTIVE OF THE FUND

The IIAB Islamic MENA Fund is an open ended mutual fund that offers investors the opportunity to invest in the capital markets of the Middle East and North Africa region (MENA), with a particular focus on listed equities, whilst adhering to the sharia' principles. The Fund aims to achieve an annual average net return in excess of 11% over a full investment cycle. The Fund aims to carry a lower volatility than that of the market, by dynamically rotating across asset classes, geographies and sectors, depending on market conditions.

## KEY FEATURES

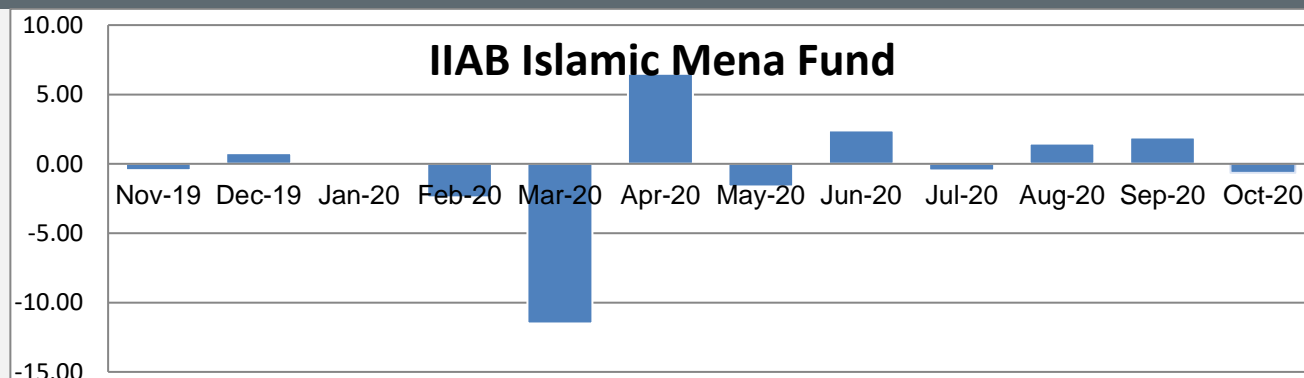
<b>Domicile</b>	Kingdom of Bahrain	<b>Valuation point</b>	Monthly, last business day of the month
<b>Reference currency</b>	USD	<b>Minimum subscription</b>	USD 25,000 & 100 units thereafter
<b>Fund assets</b>	USD 6,118,532	<b>Investment manager</b>	Al Arabi Investment Group Co (AB Invest)
<b>Administrator</b>	Gulf Clearing Company	<b>Dealing frequency</b>	Monthly, 4 business days prior to month end
<b>Launch date</b>	28 February 2008	<b>BBG code</b>	IIABISL BI EQUITY

## MONTHLY PERFORMANCE (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>IIAB Islamic MENA Fund</b>													
2020	0.15	-2.41	-11.50	6.49	-1.63	2.40	-0.49	1.46	1.89	-0.65			-5.19
2019	2.41	1.10	0.85	2.65	-1.24	-0.67	3.57	-1.08	-0.76	-0.45	-0.45	0.77	6.76
2018	-0.96	-0.92	1.30	0.06	-0.81	-0.17	-1.94	-0.18	-1.80	-0.64	0.15	-1.31	-7.03
2017	0.16	0.07	0.48	0.74	-2.58	0.79	-0.92	-0.88	1.05	-0.22	-2.83	0.05	-4.10
2016	-8.86	5.04	2.18	2.64	-1.18	0.02	0.48	-0.02	-1.81	-0.92	5.03	1.88	3.78
2015	0.87	2.44	-3.38	5.78	-0.23	0.38	-0.08	-10.32	0.89	-2.92	0.61	-0.83	-7.39

**Important note:** The first NAV for the Fund was issued in April 08.

## MONTHLY RETURN OVER THE PREVIOUS 12 MONTHS



## RETURN PERCENTAGES

1 month	-0.65%	3 months	2.69%	Since inception	-40.46%
6 months	2.93%	12 months	-4.89%		

## PERFORMANCE STATISTICS

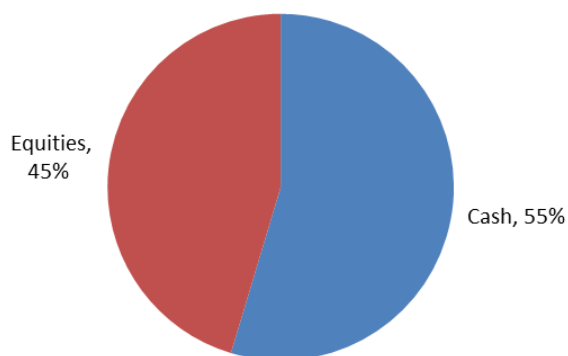
Portfolio	
Annualised return	-4%
Annualised volatility	13.7%
Sharpe ratio	NM
Maximum month	8.3%
Minimum month	-25.6%
% Positive months	51.0%
Worst 12 months	-72.3%
Best 12 months	94.1%

## TOP TEN HOLDINGS

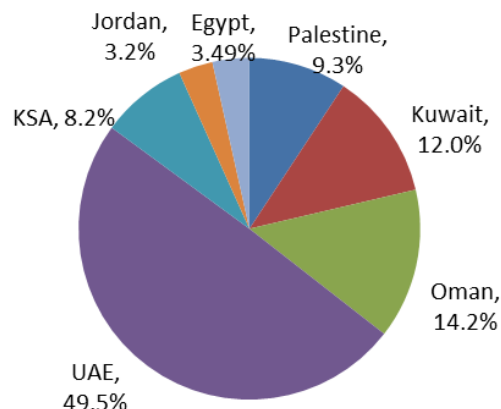
	Country	%
Aramex	UAE	8.79%
Dubai Islamic Bank	UAE	8.33%
OOREDOO OMR	Oman	6.45%
Human Soft Holding Co	Kuwait	5.46%
Emaar Properties Company	UAE	5.35%
Palestine Telecommunications Company	Palestine	4.21%
Saudi Airlines Catering	KSA	3.72%
Arab Pesticide and Veterinar	Jordan	1.47%
Cairo Poultry Company	Egypt	0.81%
Cairo Investment & Real Estate Development	Egypt	0.78%



### ASSET ALLOCATION



### GEOGRAPHIC ALLOCATION (EQUITIES)



### COMMENTARY

After 6 months of gains since the coronavirus battered global equity markets in March, MENA equity markets suffered from a pullback in October driven by the virus's second wave fears and US election uncertainty. The S&P Pan Arab Investable Index shed 2.03% (YTD -10.95%), and the Dow Jones MENA Index lost 1.81% (YTD -11.02%). Similarly, the Arab Bank MENA Fund suffered a 0.81% loss (YTD -7.25%). Meanwhile, on the Sharia-compliant front, the Dow Jones Islamic Market MENA Index fell by 1.97% (YTD -5.05%). As such, the IIAB MENA Fund lost 0.65% (YTD -5.19%). Consequently, the IIAB MENA Feeder Fund lost 0.73% (YTD -5.83%).

All of the region's capital markets suffered from losses during the month of October bar one, the Abu Dhabi stock exchange, which gained 3.14% (YTD -8.19%). The Saudi Arabian TASI index led the way in losses by shedding 4.72% (YTD -5.74%). The second worst performing market in the region was the Egyptian Stock Exchange which lost 4.31% (YTD -24.68%). The Dubai Financial Market, Doha stock exchange and Jordanian Stock Exchange followed with losses of 3.77% (YTD -20.87%), 3.00% (YTD -7.05%) and 2.29% (YTD -14.53%) respectively. Finally, the Omani capital market, Bahraini Market and the Kuwait Premier Market rounded up the region's negative performance by falling 1.57% (YTD -10.64%), 0.51% (YTD -11.73%) and 0.29% (YTD 13.93%) in that order.

Global capital markets did not fare any better in October, with the exception of those in Asia. The Hang Seng surged by 2.76% (YTD -14.48%), and the Shanghai Composite gained 0.20% (YTD 5.72%). On the other hand, the Nikkei shed 0.90% (YTD -2.87%). In the U.S. the S&P 500 Index shed 2.77% (YTD 1.21%), and the Dow Jones dropped 4.61% (YTD -7.14%). Meanwhile, exchanges in Europe saw carnage as coronavirus cases spiraled out of control and new lockdowns were imposed in most countries. The French CAC 40 Index shed 4.36% (-23.15%), and the German DAX got decimated as it lost 9.44% (YTD -12.77%). The FTSE 100 also declined by 4.92% (YTD -26.05%).

Commodities did not fare any better in this volatile month. October saw a 0.37% drop in gold spot prices and a retreat in oil prices. WTI declined 11.01% and Brent dropped 8.52% while the U.S. Dollar Index also lost 2.44%.

In corporate news, National Commercial Bank, Saudi Arabia's largest lender by assets, agreed to buy rival Samba Financial Group for USD15 billion in the biggest banking takeover this year. NCB will pay SAR28.45 (USD7.58) for each Samba share, valuing it at about SAR55.7 billion. NCB will offer 0.739 new shares for each Samba share, at the lower end of the 0.736-0.787 ratio the banks set when they signed an initial framework agreement in June. Meanwhile in the UAE, Arabtec Holding shareholders authorized the board of the Dubai-listed construction company to file for liquidation due to its untenable financial position following the fallout from the coronavirus pandemic, according to an internal company email. Shareholders also authorized Arabtec to appoint AlixPartners and Matthew Wilde, or any other person or persons the board considered fit, as liquidators.

In macroeconomic news, the International Monetary Fund (IMF) revised down its 2020 real gross domestic product (GDP) projections for most Gulf countries, as it warned the economic outlook was worsening for many emerging markets amid the coronavirus crisis. The IMF forecast a 2020 global contraction of 4.4% in its latest World Economic Outlook, an improvement over a 5.2% contraction predicted in June, but said it was still the worst economic crisis since the 1930s Great Depression.

Our cash position as a proportion of equity stakes in the funds allowed us to withstand the volatility seen in October rather well. This strategy will also be beneficial for picking up quality names at discounted prices to position ourselves for a future recovery in stock prices. We continue to be fundamentally driven, research-led and risk averse to offer our investors the best risk-reward tradeoff in these unprecedented times.



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## INVESTMENT METHODOLOGY & EDGE

AB Invest is one of the most experienced and fastest growing MENA investment managers operating out of Jordan. AB Invest provides its clients with a number of MENA-focused investment solutions on conventional and Sharia-compliant bases. Our investment process is based on rigorous fundamental analysis with a view on delivering superior risk-adjusted returns, using a combination of top-down and bottom-up approaches. Our deep knowledge of the markets in which we invest allows us to deliver consistent returns while prudently managing risk.

## DISCLAIMER

Whilst the information contained in this report is provided in good faith, no representation or warranty, express or implied, is made to its accuracy or completeness.

IIAB Islamic MENA Fund is a Fund created and sponsored by the IIAB Islamic MENA Fund Company B.S.C. (Closed) and is an open-ended investment Fund registered under the Laws of the Kingdom of Bahrain.

This fact sheet is issued by Al Arabi Investment Group Co. (AB Invest) - formerly known as Atlas Investment Group. AB Invest is a wholly-owned subsidiary of the Arab Bank Group and is an investment banking firm headquartered in Amman, Hashemite Kingdom of Jordan.

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Past performance should not be taken as a guide to the future. The value of investments can fall as well as rise.

