

IIAB Islamic MENA Fund

Performance Report 28.11.19

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

NAV PER SHARE

\$6.23

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

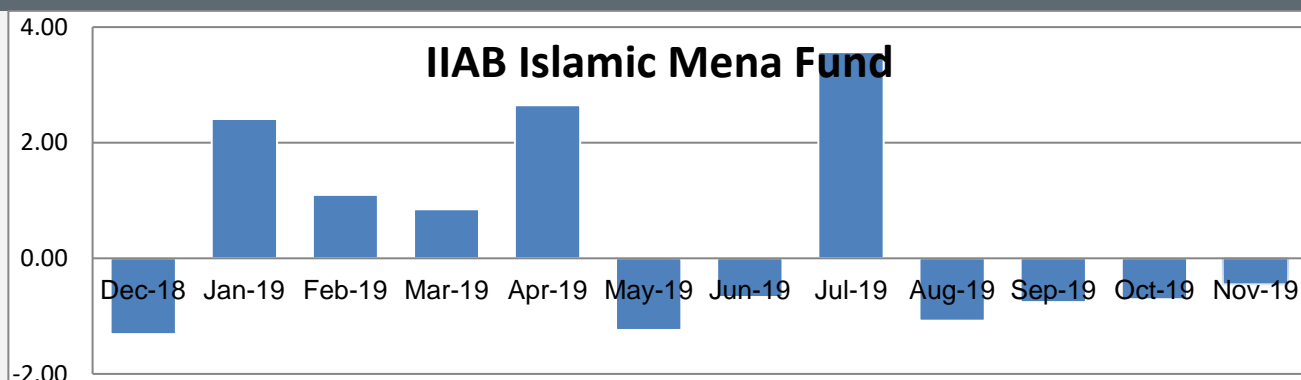
| | | | |
|--------------------|--------------------|----------------------|---|
| Domicile | Kingdom of Bahrain | Valuation point | Monthly, last business day of the month |
| Reference currency | USD | Minimum subscription | USD 25,000 & 100 units thereafter |
| Fund assets | USD 6,403,953 | Investment manager | Al Arabi Investment Group Co (AB Invest) |
| Launch date | 28 February 2008 | Dealing frequency | Monthly, 4 business days prior to month end |
| | | BBG code | IIABISL BI EQUITY |

MONTHLY PERFORMANCE (%)

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
|-------------------------------|-------|-------|-------|------|-------|-------|-------|--------|-------|-------|-------|-------|-------|
| IIAB Islamic MENA Fund | | | | | | | | | | | | | |
| 2019 | 2.41 | 1.10 | 0.85 | 2.65 | -1.24 | -0.67 | 3.57 | -1.08 | -0.76 | -0.45 | -0.45 | | 5.94 |
| 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 |
| 2014 | 2.80 | 1.39 | -0.05 | 2.01 | 1.96 | -2.18 | 6.54 | 2.65 | 0.33 | -4.18 | -3.17 | -0.69 | 7.15 |

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

MONTHLY RETURN OVER THE PREVIOUS 12 MONTHS



RETURN PERCENTAGES

| | | | | | |
|----------|--------|-----------|--------|-----------------|---------|
| 1 month | -0.45% | 3 months | -1.66% | Since inception | -37.68% |
| 6 months | 0.08% | 12 months | 4.56% | | |

PERFORMANCE STATISTICS

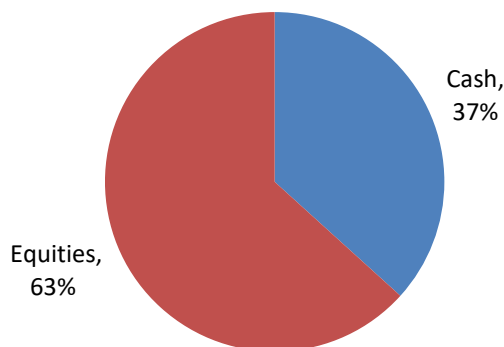
| | Portfolio |
|-----------------------|-----------|
| Annualised return | -4.0% |
| Annualised volatility | 13.7% |
| Sharpe ratio | NM |
| Maximum month | 8.3% |
| Minimum month | -25.6% |
| % Positive months | 50.7% |
| Worst 12 months | -69.9% |
| Best 12 months | 88.9% |

TOP TEN HOLDINGS

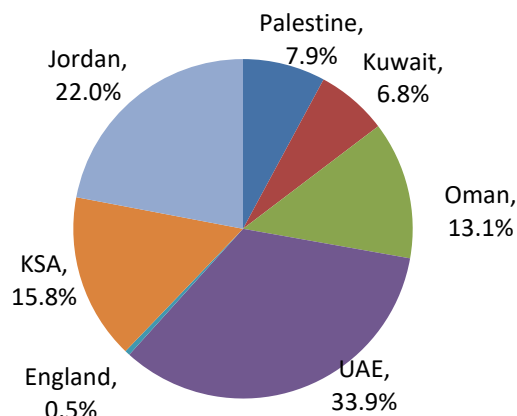
| | Country | % |
|------------------------------|-----------|--------|
| Siniora Food Industries | Jordan | 12.25% |
| Dubai Islamic Bank | UAE | 9.01% |
| Ooredoo | Oman | 8.30% |
| Saudi Airlines Catering | KSA | 6.93% |
| Aramex | UAE | 6.74% |
| Emaar Properties | UAE | 5.71% |
| Palestine Telecommunication | Palestine | 4.98% |
| Human Soft Holding | Kuwait | 4.30% |
| Savola Group | KSA | 2.62% |
| Arab Pesticide And Veterinar | Jordan | 1.68% |



ASSET ALLOCATION



GEOGRAPHIC ALLOCATION (EQUITIES)



COMMENTARY

MENA markets pushed up this past November, with the S&P Pan Arab Investable Index gaining 0.95% (YTD -0.80%) and the Dow Jones MENA Index rising 0.97% (YTD +3.14%). Islamic markets had similar performances as evidenced by the performance of the Dow Jones Islamic MENA Market Index, which gained 0.96% (YTD -1.06%). The Arab Bank MENA Fund shed 0.32% (YTD +5.24%) and the IIAB Islamic MENA Fund lost 0.45% (YTD +5.94%). In turn, the IIAB MENA Feeder Fund fell by 0.50% (YTD +5.41%).

In regional index performance, the best performer was Kuwait's Premier Market Index, which appreciated by 4.96% (YTD +23.77%) to overcome a wave of decline over the last three months. Furthermore, Oman's MSM30 Index gained 1.61% (YTD -6.00%), the Saudi Arabian TASI rose 1.48% (YTD +0.41%) and the Bahraini Index edged up by 0.24% (YTD +14.18%). On the other hand, declining indices included the Jordanian Index, which slipped by 0.28% (YTD -5.95%) and the Qatari Index, which fell by 0.40% (YTD -1.47%). Equity in the UAE saw the sharpest declines in the GCC; the Abu Dhabi Index lost 1.51% (YTD +2.35%) and the DFM General Index lost 2.48% (YTD +5.89%).

In November, the Central Bank of Egypt (CBE) cut its main policy rates by 100bps as data collected by the CBE continues to confirm the moderation of underlying inflationary pressures. The recent cut is the fourth rate cut since the beginning of the year, and total cuts in 2019 now amount to 450bps. Egypt's EGX30 Index, which has been one of the most volatile indices in the MENA region this year, retreated 4.87% this month. The index has lost over 9% since its peak in April, however, it remains up by 6.24% on a year-to-date basis as the Egyptian economy proves it is able to sustain its robust growth, continue to improve its fiscal position and stabilize its external accounts at favorable levels.

Egypt and the UAE are setting up a USD20 billion joint platform to invest in a range of sectors and assets. The deal was announced by Egypt's presidency after President Al-Sisi met with officials in the UAE; the investment will be run through Egypt's newly established sovereign wealth fund – Tharaa – and Abu Dhabi Development Holding Co.

In news on the world's biggest IPO, Saudi Aramco revealed that the retail tranche of its offering was fully covered before the end of the subscription period on the 28th. According to lead manager Samba Capital, subscriptions reached SAR32.6 billion (USD8.7 billion) from 3.7 million people. Retail investors became key to the IPO when the deal turned into a mainly local affair. In the updated prospectus, one third of the offering is reserved for Saudi retail investors and there is no mention of cornerstone investors. The Company will publish the final price and valuation on December 5, however, a preliminary valuation placed the company's value between USD1.60 trillion and USD1.71 trillion, i.e. a share price between SAR30 and SAR32 (USD8.00 to USD8.53).

More from Saudi Arabia, the Kingdom assumed its G20 presidency at the end of November, following the Japanese presidency in 2019, which led the Group's efforts to support global cooperation. Commenting on the presidency launch, Prince Mohammad bin Salman said the Kingdom will be guiding the work of the G20 under the theme of "Realizing Opportunities of the 21st Century for All", which will focus on empowering people, safeguarding the planet and shaping new frontiers.

In the commodities space, the price of Brent Oil rose 3.65% (YTD +16.04%) and the price of WTI Oil increased by 1.83% (YTD +21.49%). OPEC officials at the Abu Dhabi International Petroleum Exhibition and Conference revealed their expectations of a "sharp" cut in oil supply from countries outside the group in 2020, particularly from shale basins in the US. Secretary-General Mohammad Barkindo added that they have seen shale companies come under pressure from Wall Street to rein in spending and return more money to shareholders. Additionally, the group sees a possible upswing in demand growth, especially if the US and China sign a preliminary trade agreement.



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Towards the end of the month, President Trump declared that talks with China on the first phase of a trade deal were near completion after negotiators from both sides spoke by phone, signaling progress on an accord that has been in the works for nearly two years. White House counselor Conway reported that the two sides are still negotiating certain “sticking points”, including forced technology transfer and alleged theft of intellectual property. Not long after, Trump signed legislation expressing U.S. support for Hong Kong protesters, prompting China to threaten retaliation. While signing the bill, Trump signaled that he did not want the progress made with China to change course. All things considered, U.S. markets saw considerable improvement, with the S&P 500 Index advancing by 3.40% (YTD +25.30%) and the Dow Jones Index rising 3.72% (YTD +20.25%).

In other global index performances, the French CAC 40 Index appreciated by 3.06% (YTD +24.83%), the German DAX rose 2.87% (YTD +25.36%), and the FTSE 100 1.35% (YTD +9.19%). The only positive performer among East Asia’s main markets was the Nikkei Index, which gained 1.60% (YTD +16.38%). The Hang Seng Index fell 2.08% (YTD +1.94%) while the Shanghai Composite shed 1.95% (YTD +15.16%).

Despite the positive progress in the US China trade negotiations, the levels of uncertainty overhanging world trade in general remain elevated. Furthermore, Brexit and lack of clarity over benchmark monetary policies, in addition to Europe’s economic state continue to pose volatility risks. As such, we have maintained healthy levels of cash to enable reallocations to less demanding valuations and visibility in terms of cash flows and attractive dividend yields.

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.

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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.

