

IIAB MENA Feeder Fund

Performance Report 29.03.19

A protected cell of the IIAB PCC Ltd

NAV PER SHARE **\$5.62**

OBJECTIVE OF THE FUND

The IIAB MENA Feeder Fund is a long-term, medium to high risk investment vehicle that invests in the IIAB Islamic MENA Fund (Master 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

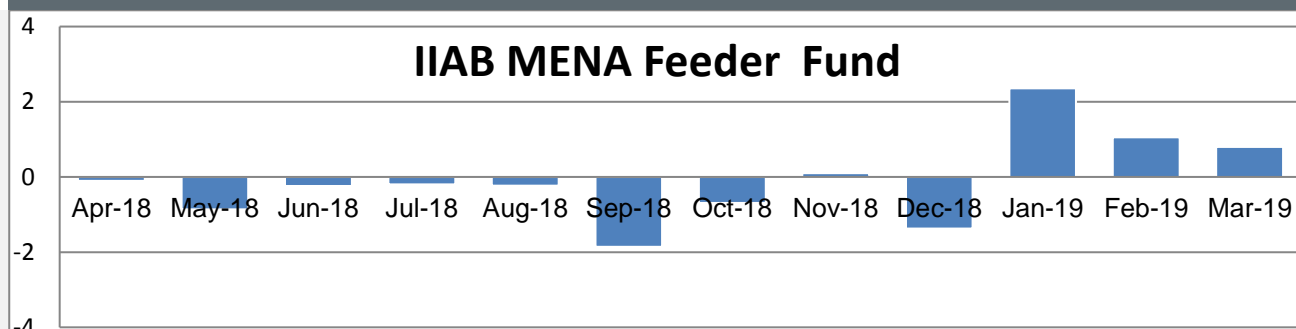
Domicile	Guernsey Channel Islands	Valuation point	Monthly, last business day of the month
Reference currency	USD	Minimum subscription	USD 25,000 & USD 1,000 thereafter
Fund assets	USD 2,851,549	Fund manager	AB Fund Managers (Guernsey) Ltd
		Investment advisor	Al Arabi Investment Group Co (AB Invest)
Launch date	28 February 2008	Dealing frequency	Monthly, 10 business days prior to month end
Listing	CISX	BBG code	IIABMEU GU Equity

Important note: For clarity purposes, the figures below represent the performance, asset allocation and holdings of the IIAB Islamic MENA Fund (Master Fund).

MONTHLY PERFORMANCE (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Y.T.D.
IIAB MENA Feeder Fund													
2019	2.36	1.05	0.80										4.27
2018	-1.05	-1.00	1.24	-0.01	-0.86	-0.24	-2.00	-0.23	-1.86	-0.69	0.10	-1.37	-7.74
2017	0.10	0.01	0.40	0.69	-2.64	0.70	-1.00	-0.95	0.98	-0.28	-2.90	-0.04	-4.91
2016	-8.92	4.95	2.12	2.57	-1.25	-0.04	0.41	-0.12	-1.87	-0.99	4.95	1.81	2.89
2015	0.79	2.36	-3.44	5.70	-0.30	0.30	-0.17	-10.37	0.81	-2.97	0.54	-0.90	-8.19
IIAB Islamic MENA Fund (Master Fund)													
2019	2.41	1.10	0.85										4.42
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

MONTHLY RETURN OVER THE PREVIOUS 12 MONTHS



PERFORMANCE STATISTICS (MASTER FUND)

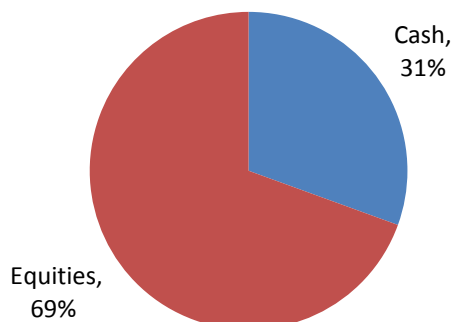
	Portfolio
Annualised return	-4.3%
Annualised volatility	14.0%
Sharpe ratio	NM
Maximum month	8.3%
Minimum month	-25.6%
% Positive months	52.3%
Worst 12 months	-69.9%
Best 12 months	88.9%

TOP TEN HOLDINGS (MASTER FUND)

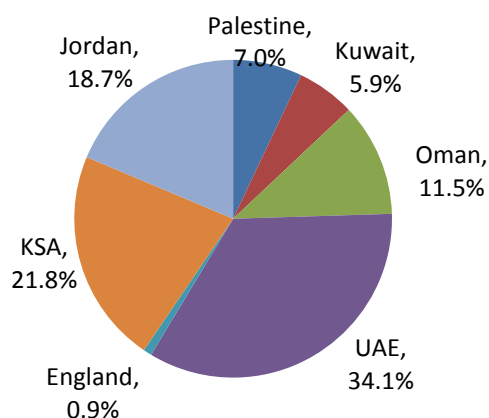
	Country	%
Siniora Food Industries	Jordan	10.72%
Dubai Islamic Bank	UAE	9.38%
Emaar Properties	UAE	8.22%
Ooredoo	Oman	8.01%
Saudi Airlines Catering	KSA	7.24%
Aramex	UAE	6.11%
Palestine Telecommunication	Palestine	4.89%
Human Soft Holding	Kuwait	4.13%
Savola Group	KSA	2.63%
Dallah Health Care Holding	KSA	2.56%



ASSET ALLOCATION (MASTER FUND)



GEOGRAPHIC ALLOCATION (MASTER FUND :EQUITIES)



COMMENTARY

MENA markets recovered in March, led by the appreciation of the Saudi market, which saw inflows from its inclusion into the FTSE Emerging Index. The S&P Pan Arab Investable Index gained 0.72% in March (YTD +2.47%) and the Dow Jones MENA Index appreciated by 2.13% (YTD +7.67%). Islamic markets made a similar recovery of the losses made in February, with the Dow Jones Islamic Market MENA Index rising by 2.07% (YTD +5.60%).

It is worth noting that S&P Dow Jones Indices also changed the country classification of Saudi Arabia from stand-alone to emerging market in its March 2019 quarterly rebalancing, and agreed to introduce Saudi Arabian stocks to the S&P Pan Arab Investable Index in two phases. The first phase (50%) was implemented in March and the second (50%) will take place in September.

The Arab Bank MENA Fund rose 1.07% (YTD +4.11%) and the IIAB Islamic MENA Fund gained 0.85% (YTD +4.42%). In turn, the AB MENA Feeder Fund went up by 1.02% (YTD +3.97%) and the IIAB MENA Feeder Fund rose by 0.80% (YTD +4.27%).

On the regional front, the Saudi TASI rose 3.85% (YTD +12.68%), propelled by the FTSE Emerging Index inclusion and foreign inflows. Saudi Arabia was promoted to secondary emerging market status by FTSE Russell and the first phase of inclusion, with a 10% weight, was carried out in mid-March. Estimates showed the reclassification resulted in USD0.6 billion of foreign inflows. Other gaining indices this past month included the Kuwait Premier Market Index, which jumped 9.21%, and the Bahraini Index, which inched up by 0.05% (YTD +5.69%).

In declining indices, the Jordanian ASE Index retreated 3.91% to nearly erase all the gains it made since the start of 2019 (YTD +0.29%) and in Egypt, the EGX30 Index dropped 0.45% (YTD +13.06%). Furthermore, Oman's MSM30 Index fell by 3.88% (YTD -7.87%); the Qatari Index slipped 0.04% (YTD -1.86%); the Abu Dhabi Index lost 1.23% (YTD +3.25%) and Dubai's DFM Index edged down by 0.03% (YTD +4.15%).

Oil prices rose considerably in March; Brent oil rose 5.10% (YTD +32.44%) and WTI oil gained 3.57% (YTD +27.12%). Saudi Arabia's Energy Minister said that there would be no change in OPEC+ output policy in the group's meeting in April. A committee of the most influential members in the alliance (including Russia, Iraq, and the UAE) agreed to go beyond their pledged supply cuts in the coming months. However, the group said it is too early to decide on whether cuts should be extended into the second half of the year. The committee reflected on what they described as "critical uncertainties" in the oil market, particularly the threat of U.S. sanctions on Iranian and Venezuelan oil.

In other news, the European Union added the UAE and Oman to its expanded tax haven blacklist. These blacklisted states face stricter controls on transactions with the EU, although no sanctions have been agreed upon by EU states yet. EU documents showed that Italy and Estonia objected to the new list as they opposed the inclusion of the United Arab Emirates, however, Italy received guarantees that the UAE would be removed once it adopted legislation that would make it compliant with EU tax standards.

Around the world, fears of a downturn in the global economy arose as analysts began comparing debt levels with those of a decade ago. S&P said the global economy may indeed be headed toward a credit downturn, but a crisis, if any, is unlikely to be as dramatic as in 2008. S&P noted that while global debt levels are higher, contagion risk is lower.

The U.S. market continued in its upward trajectory for the year with the S&P 500 Index appreciating by 1.79% (YTD +13.07%) and the Dow Jones Industrial Average Index gaining 0.05% (YTD +11.15%). In new Fed developments, the latest meeting saw officials holding interest rates once again, indicating that no more hikes will be coming this year. The Fed's patient approach to monetary policy is allowing inflation to reassert itself, says San Francisco Federal Reserve Bank President, Mary Daly. The decision was unanimous and aligned with market expectations and demands. The Fed currently holds its benchmark funds rate in a range of 2.25% to 2.5%.



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In European markets, the French CAC 40 Index rose 2.10% (YTD +13.10%), the German DAX Index nudged up 0.09% (YTD +9.16%), and the U.K.'s FTSE 100 Index jumped 2.89% (YTD +8.19%). Moreover, in the Far East, the Nikkei Index shed 0.84% (YTD +5.95%); the Hang Seng Index rose 1.46% (YTD +12.40%) and the Shanghai Composite Index advanced by 5.09% (YTD +23.93%).

We remain committed to fundamentally driven positioning, with a focus on high dividend yielding stocks, with concentrations in deeply discounted value plays. We will be monitoring the markets closely in the next few months, hunting for overbeaten stocks in the aftermath of the market upgrades expected to take place, and the fizzling out of momentum trades.

INVESTMENT METHODOLOGY & EDGE

AB Invest is one of the oldest, most experienced and fastest growing investment managers in the MENA region with more than a decade of cumulative quality experience in creating regional risk-adjusted investment solutions. Our investment process is underpinned by a focus on "value" selection, using a combination of top down and bottom up approach. Our knowledge of the constraints in the local markets allows us to adjust our approach and tailor a suitable investment process.

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