

IIAB MENA Feeder Fund

Performance Report 30.06.20

A protected cell of the IIAB PCC Ltd

NAV PER SHARE **\$5.83**

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

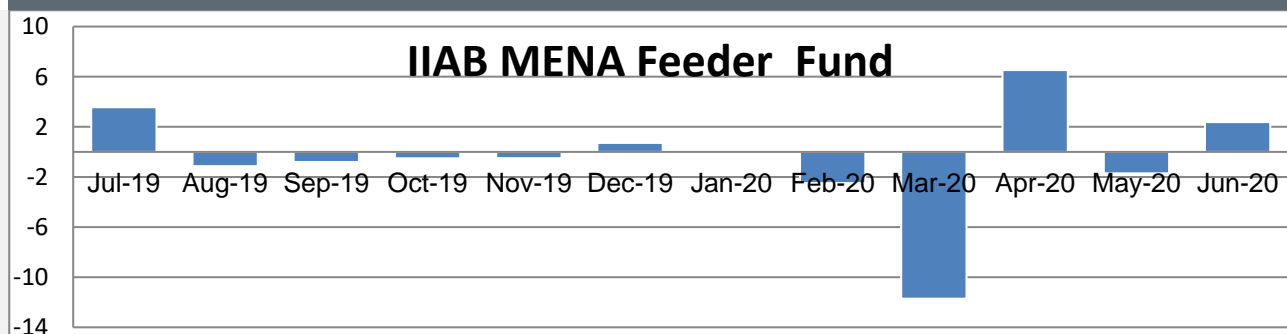
Domicile	Guernsey Channel Islands	Valuation point	Monthly, last business day of the month
Reference currency	USD	Minimum subscription	USD 25,000 & USD 1,000 thereafter
Fund assets	USD 2,681,719	Fund manager	AB Fund Managers (Guernsey) Ltd
		Investment advisor	Al Arabi Investment Group Co (AB Invest)
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													
2020	0.08	-2.49	-11.71	6.53	-1.71	2.38							-7.65
2019	2.36	1.05	0.80	2.62	-1.28	-0.72	3.56	-1.14	-0.81	-0.51	-0.50	0.72	6.18
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
IIAB Islamic MENA Fund (Master Fund)													
2020	0.15	-2.41	-11.50	6.49	-1.63	2.40							-7.22
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

MONTHLY RETURN OVER THE PREVIOUS 12 MONTHS



PERFORMANCE STATISTICS (MASTER FUND)

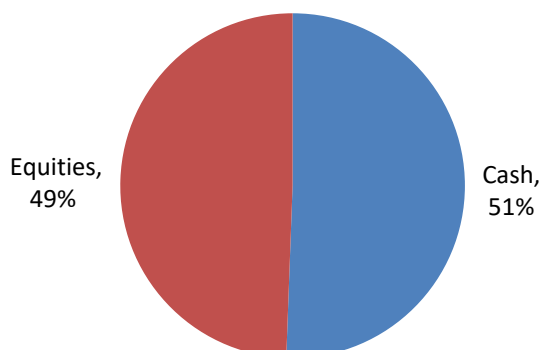
	Portfolio
Annualised return	-4.3%
Annualised volatility	13.9%
Sharpe ratio	NM
Maximum month	8.3%
Minimum month	-25.6%
% Positive months	51.0%
Worst 12 months	-72.3%
Best 12 months	94.1%

TOP TEN HOLDINGS (MASTER FUND)

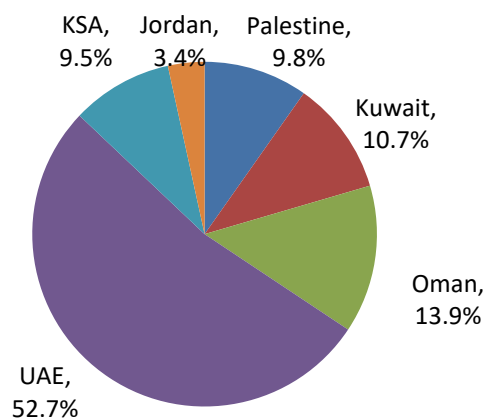
	Country	%
Aramex	UAE	10.98%
Dubai Islamic Bank	UAE	7.81%
Ooredoo	Oman	6.86%
Emaar Properties	UAE	5.58%
Human Soft Holding	Kuwait	5.29%
Palestine Telecommunication	Palestine	4.82%
Saudi Airlines Catering	KSA	3.70%
Arab Pesticide And Veterinar	Jordan	1.69%
Abu Dhabi Islamic Bank	UAE	1.68%
Herfy Food Services	KSA	1.00%



ASSET ALLOCATION (MASTER FUND)



GEOGRAPHIC ALLOCATION (MASTER FUND :EQUITIES)



COMMENTARY

Regional markets had positive month for the most part as Coronavirus-related lockdowns were eased and hopes for a vaccine increased. The S&P Pan Arab Investable Index went up by 1.85% (YTD -16.29%), and the Dow Jones MENA Index gained 1.81% (YTD -16.67%). In the Islamic compliant capital markets, the Dow Jones Islamic Market MENA Index surged by 2.12% (YTD -11.53%). The Arab Bank MENA Fund conformed with the trend and outperformed benchmark indices by surging 3.59% (YTD -11.07%) and the IIAB Islamic MENA Fund followed suit, going up by 2.40% (YTD -7.22%). Meanwhile, The IIAB MENA Feeder Fund gained 2.38% (YTD -7.65%).

After months of lagging performance, the DFM caught up with other regional indices. In June, the DFM Index recorded the region's largest gains after rising by 6.18% (YTD -25.30%). Meanwhile the Amman Stock Exchange index was the worst performing national index after shedding 2.45% (YTD -11.69%). Other regional indices were also up for the month with the exception of Oman, which dropped 0.81% (YTD -11.68%). Meanwhile, the Egyptian EGX30 gained 5.33% (YTD -22.90%), the Abu Dhabi Index mimicked its neighbor and added 3.48% for the month (YTD -15.56%). In the meantime, the Kuwaiti Premier Market Index was up by 3.37% (YTD -19.62%). Qatar and Bahrain rounded up the region's positive performances after posting gains of 1.74% (YTD -13.69%), and 0.63% (YTD -20.65%) respectively.

In economic news, Saudi Arabia's Gross Domestic Product (GDP) contracted by 1% in the first quarter compared to an increase of 1.7% in the same quarter last year according to preliminary estimates from the General Authority of Statistics. The negative growth originated mainly from the contraction in the oil sector by 4.6%. Meanwhile the non-oil sector recorded a positive growth rate of 1.6%. In other news, the International Monetary Fund threw a lifeline to Egypt as its executive board approved a new USD5.2 billion 12-month Stand-By Arrangement that aims to help the country cope with the Coronavirus pandemic and plug budget and balance-of-payments shortfalls.

In Tadawul news, National Commercial Bank (NCB) and Samba Financial Group signed an initial agreement to create a combined entity with almost SAR214 billion in assets. Saudi Arabia's sovereign wealth fund, the Public Investment Fund (PIF), is a major investor in both banks with a stake of 44.29% in NCB and 22.91% stake in Samba. The Public Pension Agency and the General Organization for Social Insurance are also substantial shareholders in both banks.

Meanwhile in the UAE, ADNOC the state-owned oil giant, signed a mega deal with a consortium of infrastructure investors and sovereign wealth and pension funds to invest in select ADNOC gas pipeline assets valued at USD20.7 billion. Finally, Morgan Stanley Capital International (MSCI) announced it will implement the reclassification of the MSCI Kuwait Indexes from frontier market status to Emerging Market in November 2020. MSCI postponed the inclusion from its preliminary date of 1st of June due to the massive fallout of COVID-19 on global economy and investment patterns.

Major global markets have unanimously ticked up during the month of June as investor sentiment became more hopeful of a sharp economic recovery. In the U.S., the S&P 500 gained 1.84% (YTD -4.04%), and the Dow Jones gained 1.69% (YTD -9.55%). Meanwhile in Europe, the German DAX jumped 6.25% (YTD -7.08%), the French CAC 40 appreciated by 5.12% (YTD -17.43%), and the FTSE 100 was up by 1.53% (YTD -18.20%). In the Far East, the Nikkei Index rose by 1.88% (YTD -5.78%), the Shanghai Composite Index was up by 4.64% (YTD -2.15%), and the Hang Seng surged by 6.38% (YTD -13.35%).



As we enter the summer months, we expect to see more volatility in equity markets as sentiment swings from fear of COVID-19, with repercussions on the economy are still an enigma to investors, to optimism stemming from hopes of a sharp economic uptick once cases recede and/or a vaccine is eventually discovered. We remain positive in the long-run on MENA stock markets as oil prices recover from their unprecedented lows and drives to diversify economies away from dependence on it gain more momentum, perhaps due to the lows experienced in previous months. We still maintain a high cash balance, as we look to buy opportunistically in overbeaten names and benefit from several drives to consolidate between companies.

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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Past performance should not be taken as a guide to the future. The value of investments can fall as well as rise. The full documentation required to make an investment is available from AB Fund Managers (Guernsey) Ltd. at its registered address: 11 New Street, St. Peter Port, Guernsey, GY1 2PF Channel Islands.

