

IIAB MENA Feeder Fund

Performance Report 30.09.20

A protected cell of the IIAB PCC Ltd

NAV PER SHARE **\$5.43**

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

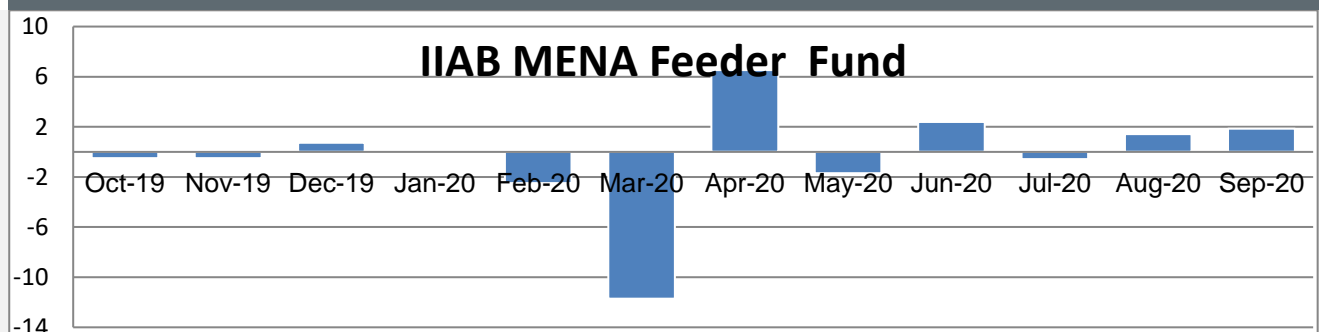
Domicile	Guernsey Channel Islands	Valuation point	Monthly, last business day of the month
Reference currency	USD	Minimum subscription	USD 25,000 & USD 1,000 thereafter
Fund assets	USD 2,754,481	Fund manager	AB Fund Managers (Guernsey) Ltd
		Investment advisor	Al Arabi Investment Group Co (AB Invest)
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	-0.57	1.42	1.86				-5.14
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	-0.49	1.46	1.89				-4.56
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)

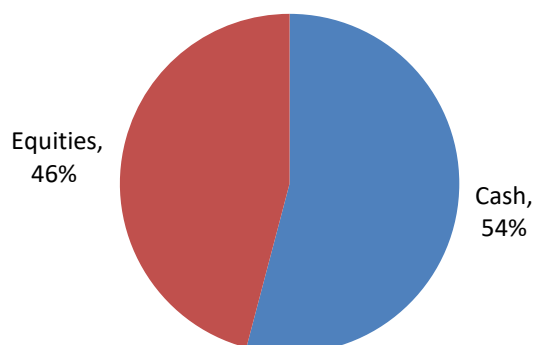
	Portfolio
Annualised return	-4.0%
Annualised volatility	13.8%
Sharpe ratio	NM
Maximum month	8.3%
Minimum month	-25.6%
% Positive months	51.0%
Worst 12 months	-72.3%
Best 12 months	94.1%

TOP TEN HOLDINGS (MASTER FUND)

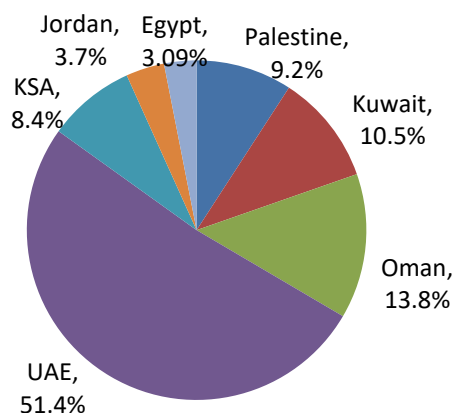
	Country	%
Aramex	UAE	9.46%
Dubai Islamic Bank	UAE	8.60%
Ooredoo	Oman	6.34%
Emaar Properties	UAE	5.55%
Human Soft Holding	Kuwait	4.82%
Palestine Telecommunication	Palestine	4.20%
Saudi Airlines Catering	KSA	3.83%
Arab Pesticide And Veterinar	Jordan	1.68%
Cairo Investment & Real Estate Development	Egypt	1.42%



ASSET ALLOCATION (MASTER FUND)



GEOGRAPHIC ALLOCATION (MASTER FUND :EQUITIES)



COMMENTARY

September was a good month for the MENA capital markets and our flag funds. The S&P Pan Arab Investable Index gained 1.68% (YTD -9.11%), and the Dow Jones MENA Index gained 1.66% (YTD -9.38%). Meanwhile, the Arab Bank MENA Fund posted a 2.17% gain (YTD -6.49%). The region's Sharia compliant stocks did even better with the Dow Jones Islamic Market MENA Index gaining 2.33% (YTD -3.14%) to continue the trend of outperforming the region's conventional stocks. The IIAB MENA Fund followed suit gaining 1.89% (YTD -4.56%). Consequently, the IIAB MENA Feeder Fund gained 1.86% (YTD -5.14%).

Six of the region's nine main capital markets gained, but it was the 4.51% (YTD -1.07%) gain posted by the Saudi Tadawul market that made all the difference, given the market's size compared to the region's other markets. The Saudi Tadawul is almost breaking into the black despite a full year of low oil prices, and the severe effects of the spread on the Coronavirus on tourism, Hajj, and oil exports. The second best performing market in the region was the Bahraini market, which gained 3.88% (YTD -10.91%). The Kuwaiti Premier Market Index followed with a 2.84% (YTD -13.69%) gain ahead of a 1.48% gain (YTD -4.17%) by the Doha stock exchange index. The DFM and the Amman Stock Exchange wrapped the list of gaining markets after posting gains of 1.26% (YTD -17.77%), and 0.90% (YTD -12.53%) respectively. At the other end, the Omani capital market retreated 4.17% (YTD -9.21%), and the Egyptian capital market dropped 3.31% (YTD -21.29%) to become the region's worst performing market as of the end of the third quarter of the year. Abu Dhabi posted a negligible 0.03% (YTD -10.99%).

The general positive performance of the MENA region came against a drop of retreating global capital markets. In the U.S.A. the S&P 500 Index shed -3.92% (YTD 4.09%), and the Dow Jones dropped 2.28% (YTD -2.65%). Meanwhile, continental Europe main two indices declined. The French CAC 40 Index shed 2.91% (-19.65%), and the German DAX declined 1.43% (YTD -3.69%). The FTSE 100 also declined 1.63% (YTD -22.23%) to become the worst performing index on a year-to-date basis as of the end of September among all the major indices. In Asia, the Hang Seng dropped 6.82% (YTD -16.78%), and the Shanghai Composite declined 5.23% (YTD 5.51%), but remained the top performing major index for the year. At the other end, the Nikkei managed a 0.20% gain (YTD -1.99%).

The decline in the international capital markets was accompanied by a 4.17% drop in gold spot prices and a retreat in oil prices. WTI declined 5.61% and Brent dropped 9.56%. However, the U.S. Dollar Index gained 1.89%, which could explain some of the decline in the price of commodities.

There were no major development in the region that can explain why the region outperformed the international capital markets. However, the general trend of government support to the economy continued across the region. In KSA, Saudi Arabia Monetary Authority (SAMA) extended the deferred payment program for the next three years, and in the UAE the federal government decided to restore full salary payments as of October. Meanwhile in Kuwait, the government proposed a law to the parliament that will allow banks to lend SMEs up to KWD250k, and Bahrain extended the program to pay 50% of the salaries of employees in sectors affected by the Coronavirus spread. At the same time, GCC governments and corporations continued to seek the debt markets as they try to fill their financing gaps.

Our approach for the rest of the year remains centered around spotting and taking advantage of buying opportunities across the region. In the meantime, we keep a close eye on our existing positions and continuously evaluate the possibility of capturing short-term gains versus our long-term value strategy.



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.

DISCLAIMER

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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.

