

IIAB Islamic MENA Fund

Performance Report 30.09.20

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

NAV PER SHARE

\$5.99

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

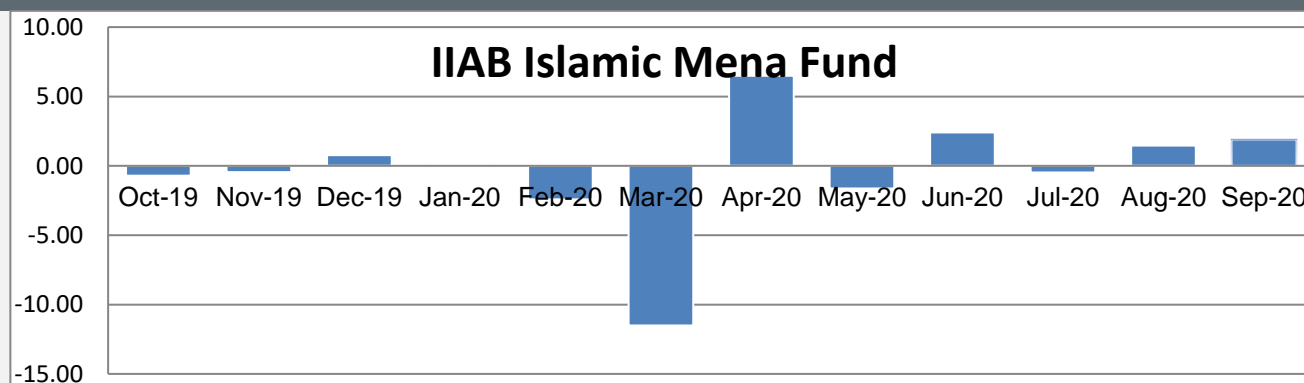
Domicile	Kingdom of Bahrain	Valuation point	Monthly, last business day of the month
Reference currency	USD	Minimum subscription	USD 25,000 & 100 units thereafter
Fund assets	USD 6,158,821	Investment manager	Al Arabi Investment Group Co (AB Invest)
Administrator	Gulf Clearing Company	Dealing frequency	Monthly, 4 business days prior to month end
Launch date	28 February 2008	BBG code	IIABISL BI EQUITY

MONTHLY PERFORMANCE (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
IIAB Islamic MENA 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
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	1.89%	3 months	2.86%	Since inception	-40.07%
6 months	10.34%	12 months	-4.70%		

PERFORMANCE STATISTICS

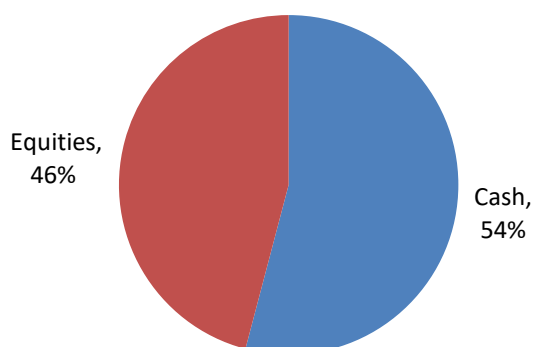
	Portfolio
Annualised return	-4.0%
Annualised volatility	13.8%
Sharpe ratio	NM
Maximum month	8.3%
Minimum month	-25.6%
% Positive months	51.0%
Worst 12 months	-72.3%
Best 12 months	94.1%

TOP TEN HOLDINGS

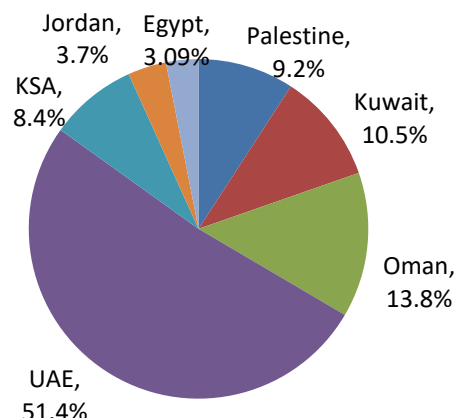
	Country	%
Aramex	UAE	9.46%
Dubai Islamic Bank	UAE	8.60%
Ooredoo	Oman	6.34%
Emaar Properties	UAE	5.55%
Human Soft Holding	Kuwait	4.82%
Palestine Telecommunication	Palestine	4.20%
Saudi Airlines Catering	KSA	3.83%
Arab Pesticide And Veterinar	Jordan	1.68%
Cairo Investment & Real Estate Development	Egypt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



ASSET ALLOCATION



GEOGRAPHIC ALLOCATION (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.



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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.

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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.

