

# IIAB MENA Feeder Fund

Performance Report 30.04.20

A protected cell of the IIAB PCC Ltd

**NAV PER SHARE** **\$5.26**

## 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

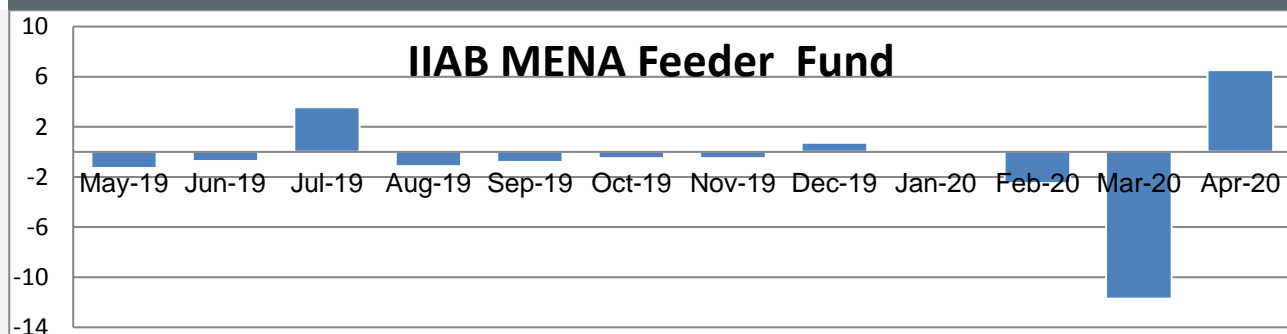
<b>Domicile</b>	Guernsey Channel Islands	<b>Valuation point</b>	Monthly, last business day of the month
<b>Reference currency</b>	USD	<b>Minimum subscription</b>	USD 25,000 & USD 1,000 thereafter
<b>Fund assets</b>	USD 2,665,056	<b>Fund manager</b>	AB Fund Managers (Guernsey) Ltd
		<b>Investment advisor</b>	Al Arabi Investment Group Co (AB Invest)
<b>Launch date</b>	28 February 2008	<b>Dealing frequency</b>	Monthly, 10 business days prior to month end
<b>Listing</b>	CISX	<b>BBG code</b>	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.
<b>IIAB MENA Feeder Fund</b>													
2020	0.08	-2.49	-11.71	6.53									-8.22
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
<b>IIAB Islamic MENA Fund (Master Fund)</b>													
2020	0.15	-2.41	-11.50	6.49									-7.89
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)

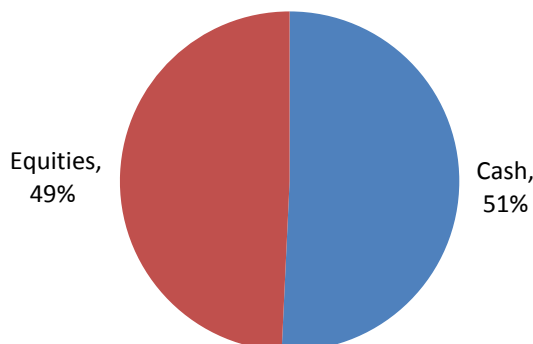
	Portfolio
Annualised return	-4.4%
Annualised volatility	14.0%
Sharpe ratio	NM
Maximum month	8.3%
Minimum month	-25.6%
% Positive months	51.0%
Worst 12 months	-72.3%
Best 12 months	88.9%

## TOP TEN HOLDINGS (MASTER FUND)

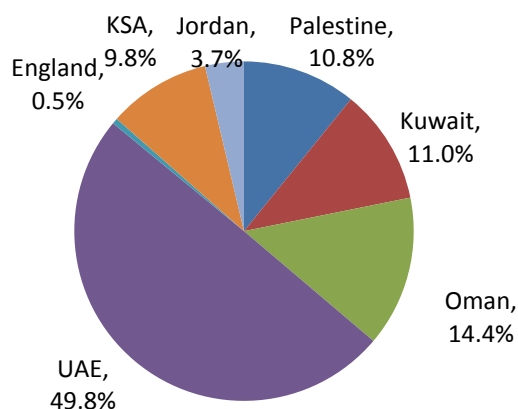
	Country	%
Aramex	UAE	9.68%
Dubai Islamic Bank	UAE	7.56%
Ooredoo	Oman	7.08%
Emaar Properties	UAE	5.63%
Human Soft Holding	Kuwait	5.42%
Palestine Telecommunication	Palestine	5.34%
Saudi Airlines Catering	KSA	3.82%
Arab Pesticide And Veterinar	Jordan	1.82%
Abu Dhabi Islamic Bank	UAE	1.64%
Herfy Food Services	KSA	1.00%



### ASSET ALLOCATION (MASTER FUND)



### GEOGRAPHIC ALLOCATION (MASTER FUND :EQUITIES)



### COMMENTARY

MENA markets rebounded strongly in April clawing back some of the losses incurred in March as fears about the economic impact of COVID-19 subsided. The S&P Pan Arab Investable Index jumped 7.78% (YTD -19.00%), and the Dow Jones MENA Index surged by 7.89% (YTD -18.86%). In the Sharia compliant capital markets, the Dow Jones Islamic Market MENA Index was up by 7.71% (YTD -15.74%).

In correlation to regional indices, the Arab Bank MENA Fund also increased by 8.57% (YTD -12.16%) and the IIAB Islamic MENA Fund was up by 6.49% (YTD -7.89%). Meanwhile, The IIAB MENA Feeder Fund gained 6.53% (YTD -8.22%).

The DFM recorded the region's largest gains in April, rising by 14.41% (YTD -26.70%), while the Bahraini index was the worst performing national index after shedding 2.95% for the month (YTD -18.60%). Meanwhile, Saudi's Tadawul gained 9.34% (YTD -15.21%), and the indices of Qatar and Abu Dhabi were up by 6.78% (YTD -15.94%) and 13.27% (YTD 16.66%) respectively. Meanwhile, in the region's other financial markets, the Egyptian EGX30 gained 10.01% (YTD -24.41%).

Aside from the Covid-19 pandemic news, the major news this month was the OPEC+ agreement to a historical 10 million barrel cut of oil production, which equates to a tenth of global supply. The move aimed to support crashing oil prices witnessing a dual demand-supply shock which saw WTI Crude trade in negative territory for the first time in history as traders raced to offload their contracts while storage capacity dwindled. Meanwhile, global travel and transport ground to a halt due to the spread of the coronavirus and a disagreement between Russia and Saudi Arabia on production cuts threatened to flood the market with excess supply.

In global economic news, the IMF published a report which expects that the global economy will shrink by 3% in 2020 due to the effect of the coronavirus. The shrinkage rate expected would be the worst since the Great Depression in the 1930s. On the bright side, the IMF forecasted that the global economy will rebound in 2021 by 5.8% although it noted that the forecasts are susceptible to "extreme uncertainty".

The IMF expects the MENA region's GDP to shrink by 3.3% in 2020 before registering a positive growth of 4.2% in 2021. The same report forecasts that the GDP of Libya will shrink by 58% in 2020, and that the Lebanese economy will shrink by 12% to become the most hit economies of the region. Oil dependent countries are expected to post larger declines in their GDP on average than their regional oil importing neighbors. The GDP of Saudi Arabia, UAE, Qatar, Iraq, Bahrain, and Kuwait are expected to decline by 2.3%, 3.5%, 4.3%, 4.7%, 3.6%, and 1.1% respectively. Meanwhile, the GDP of Jordan and Morocco are expected to shrink by 3.7% each. Egypt stands alone among the region's large economies as the IMF expects that the country's GDP will expand by 2%.

Global markets have also rebounded strongly during the month. In the U.S., the S&P 500 shot up by 12.68% (YTD -9.85%) and the Dow Jones gained 11.08% (YTD -14.69%). Meanwhile in Europe, the German DAX increased by 9.32% (YTD -18.02%), the French CAC 40 appreciated 4.00% (YTD -23.52%), and the FTSE 100 was up by 4.00% (YTD -21.76%). In the Far East, the Nikkei Index rose by 6.75% (YTD -14.64%), the Shanghai Composite Index was up 3.99% (YTD -6.23%), and the Hang Seng Index gained 4.41% (YTD -12.58%).

Elevated volatility and rising uncertainties in real economies and capital markets persist, despite recent green shoots with lockdowns easing across the world and economic activity picking up. We maintain a conservative approach in terms of asset allocation and positions exposures but our healthy cash levels allow us to capitalize on buying undervalued stocks for short-term and long-term gains. We continue to screen and evaluate fundamentally sound stocks that offer good value across different countries and sectors while aiming to minimize risk and volatility.



### 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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