

IIAB MENA Feeder Fund

Performance Report 30.10.20

A protected cell of the IIAB PCC Ltd

NAV PER SHARE **\$5.39**

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

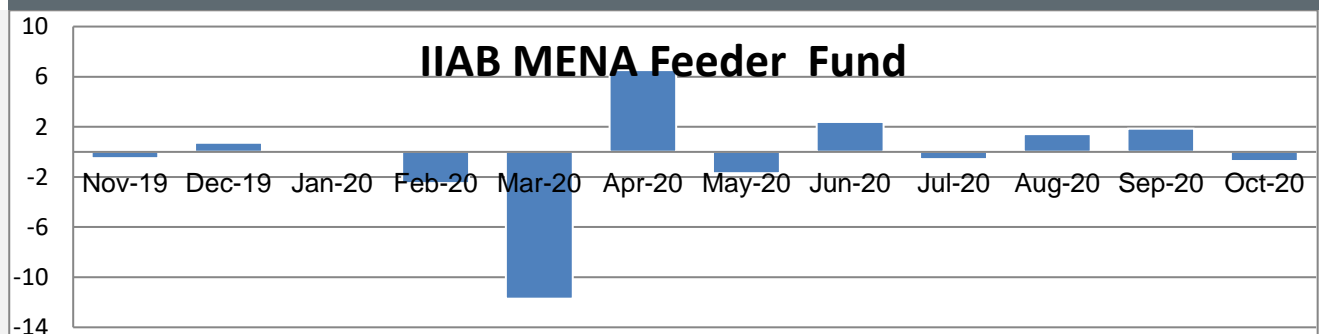
Domicile	Guernsey Channel Islands	Valuation point	Monthly, last business day of the month
Reference currency	USD	Minimum subscription	USD 25,000 & USD 1,000 thereafter
Fund assets	USD 2,734,494	Fund manager	AB Fund Managers (Guernsey) Ltd
		Investment advisor	Al Arabi Investment Group Co (AB Invest)
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	-0.73			-5.83
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	-0.65			-5.19
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)

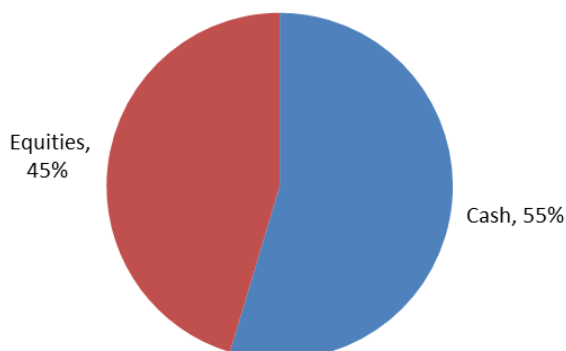
	Portfolio
Annualised return	-4%
Annualised volatility	13.7%
Sharpe ratio	NM
Maximum month	8.3%
Minimum month	-25.6%
% Positive months	51.0%
Worst 12 months	-72.3%
Best 12 months	94.1%

TOP TEN HOLDINGS (MASTER FUND)

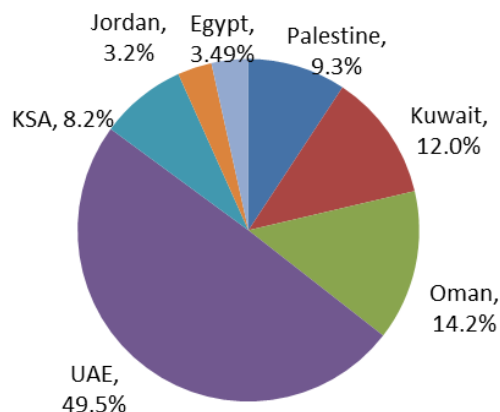
	Country	%
Aramex	UAE	8.79%
Dubai Islamic Bank	UAE	8.33%
OOREDOO OMR	Oman	6.45%
Human Soft Holding Co	Kuwait	5.46%
Emaar Properties Company	UAE	5.35%
Palestine Telecommunications Company	Palestine	4.21%
Saudi Airlines Catering	KSA	3.72%
Arab Pesticide and Veterinar	Jordan	1.47%
Cairo Poultry Company	Egypt	0.81%
Cairo Investment & Real Estate Development	Egypt	0.78%



ASSET ALLOCATION (MASTER FUND)



GEOGRAPHIC ALLOCATION (MASTER FUND :EQUITIES)



COMMENTARY

After 6 months of gains since the coronavirus battered global equity markets in March, MENA equity markets suffered from a pullback in October driven by the virus's second wave fears and US election uncertainty. The S&P Pan Arab Investable Index shed 2.03% (YTD -10.95%), and the Dow Jones MENA Index lost 1.81% (YTD -11.02%). Similarly, the Arab Bank MENA Fund suffered a 0.81% loss (YTD -7.25%). Meanwhile, on the Sharia-compliant front, the Dow Jones Islamic Market MENA Index fell by 1.97% (YTD -5.05%). As such, the IIAB MENA Fund lost 0.65% (YTD -5.19%). Consequently, the IIAB MENA Feeder Fund lost 0.73% (YTD -5.83%).

All of the region's capital markets suffered from losses during the month of October bar one, the Abu Dhabi stock exchange, which gained 3.14% (YTD -8.19%). The Saudi Arabian TASI index led the way in losses by shedding 4.72% (YTD -5.74%). The second worst performing market in the region was the Egyptian Stock Exchange which lost 4.31% (YTD -24.68%). The Dubai Financial Market, Doha stock exchange and Jordanian Stock Exchange followed with losses of 3.77% (YTD -20.87%), 3.00% (YTD -7.05%) and 2.29% (YTD -14.53%) respectively. Finally, the Omani capital market, Bahraini Market and the Kuwait Premier Market rounded up the region's negative performance by falling 1.57% (YTD -10.64%), 0.51% (YTD -11.73%) and 0.29% (YTD 13.93%) in that order.

Global capital markets did not fare any better in October, with the exception of those in Asia. The Hang Seng surged by 2.76% (YTD -14.48%), and the Shanghai Composite gained 0.20% (YTD 5.72%). On the other hand, the Nikkei shed 0.90% (YTD -2.87%). In the U.S. the S&P 500 Index shed 2.77% (YTD 1.21%), and the Dow Jones dropped 4.61% (YTD -7.14%). Meanwhile, exchanges in Europe saw carnage as coronavirus cases spiraled out of control and new lockdowns were imposed in most countries. The French CAC 40 Index shed 4.36% (-23.15%), and the German DAX got decimated as it lost 9.44% (YTD -12.77%). The FTSE 100 also declined by 4.92% (YTD -26.05%).

Commodities did not fare any better in this volatile month. October saw a 0.37% drop in gold spot prices and a retreat in oil prices. WTI declined 11.01% and Brent dropped 8.52% while the U.S. Dollar Index also lost 2.44%.

In corporate news, National Commercial Bank, Saudi Arabia's largest lender by assets, agreed to buy rival Samba Financial Group for USD15 billion in the biggest banking takeover this year. NCB will pay SAR28.45 (USD7.58) for each Samba share, valuing it at about SAR55.7 billion. NCB will offer 0.739 new shares for each Samba share, at the lower end of the 0.736-0.787 ratio the banks set when they signed an initial framework agreement in June. Meanwhile in the UAE, Arabtec Holding shareholders authorized the board of the Dubai-listed construction company to file for liquidation due to its untenable financial position following the fallout from the coronavirus pandemic, according to an internal company email. Shareholders also authorized Arabtec to appoint AlixPartners and Matthew Wilde, or any other person or persons the board considered fit, as liquidators.

In macroeconomic news, the International Monetary Fund (IMF) revised down its 2020 real gross domestic product (GDP) projections for most Gulf countries, as it warned the economic outlook was worsening for many emerging markets amid the coronavirus crisis. The IMF forecast a 2020 global contraction of 4.4% in its latest World Economic Outlook, an improvement over a 5.2% contraction predicted in June, but said it was still the worst economic crisis since the 1930s Great Depression.

Our cash position as a proportion of equity stakes in the funds allowed us to withstand the volatility seen in October rather well. This strategy will also be beneficial for picking up quality names at discounted prices to position ourselves for a future recovery in stock prices. We continue to be fundamentally driven, research-led and risk averse to offer our investors the best risk-reward tradeoff in these unprecedented times.



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.

