

IIAB MENA Feeder Fund

Performance Report 31.07.20

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

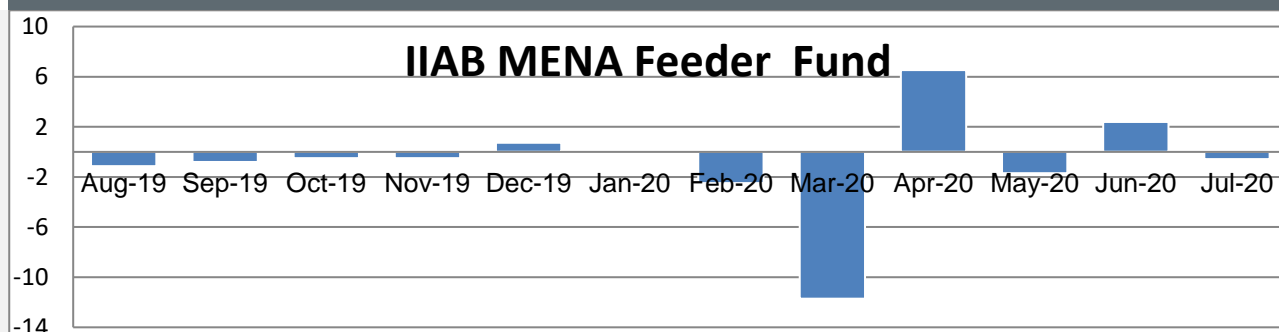
Domicile	Guernsey Channel Islands	Valuation point	Monthly, last business day of the month
Reference currency	USD	Minimum subscription	USD 25,000 & USD 1,000 thereafter
Fund assets	USD 2,666,396	Fund manager	AB Fund Managers (Guernsey) Ltd
		Investment advisor	Al Arabi Investment Group Co (AB Invest)
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						-8.18
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						-7.68
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)

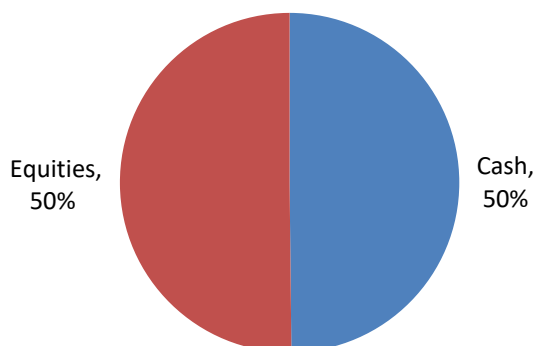
	Portfolio
Annualised return	-4.3%
Annualised volatility	13.8%
Sharpe ratio	NM
Maximum month	8.3%
Minimum month	-25.6%
% Positive months	50.7%
Worst 12 months	-72.3%
Best 12 months	94.1%

TOP TEN HOLDINGS (MASTER FUND)

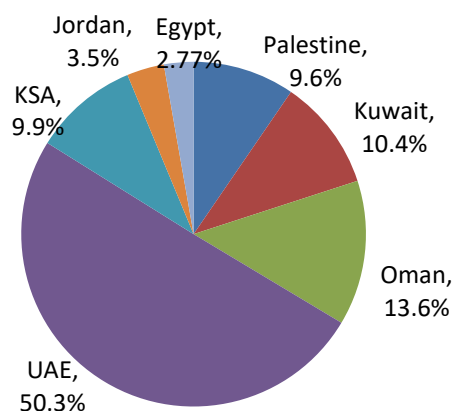
	Country	%
Aramex	UAE	10.49%
Dubai Islamic Bank	UAE	7.75%
Ooredoo	Oman	6.82%
Emaar Properties	UAE	5.29%
Human Soft Holding	Kuwait	5.23%
Palestine Telecommunication	Palestine	4.80%
Saudi Airlines Catering	KSA	3.95%
Arab Pesticide And Veterinar	Jordan	1.75%
Abu Dhabi Islamic Bank	UAE	1.69%
Cairo Investment & Real estate Development	Egypt	1.39%



ASSET ALLOCATION (MASTER FUND)



GEOGRAPHIC ALLOCATION (MASTER FUND :EQUITIES)



COMMENTARY

July was a mixed bag for regional stock indices as markets seesawed looking for direction in the midst of a global rise in COVID-19 cases and fresh hopes for a vaccine. The S&P Pan Arab Investable Index was up by 1.41% (YTD -15.12%), and the Dow Jones MENA Index gained 1.32% (YTD -15.57%). Meanwhile, the Dow Jones Islamic Market MENA Index followed suit by going up 1.76% (YTD -9.97%). On the other hand, the Arab Bank MENA Fund was down by 0.63% (YTD -11.63%). As was the IIAB Islamic MENA Fund, falling 0.49% (YTD -7.68%). Meanwhile, The IIAB MENA Feeder Fund shed 0.57% (YTD -8.18%).

Doha Stock Exchange recorded the region's largest gains during the month of July, gaining 4.11% (YTD -10.14%), closely followed by the Saudi Tadawul which was up by 3.25% (YTD -11.09%). Meanwhile the Kuwaiti Premier Market Index led the region in losses, shedding 3.42% (YTD, 22.37%) after the Emir of Kuwait had surgery and was then flown off to the USA for further tests. Meanwhile, the Egyptian EGX30 was the second worst-performing index after losing 1.53% (YTD -24.08%). Oman, Bahrain and Abu Dhabi also ended the month in the green, going up by 1.48% (YTD -10.38%), 1.01% (YTD -19.85%) and 0.44% (YTD -15.19%) respectively. While Amman Stock Exchange index and the Dubai Financial Market index rounded up the losers, shedding 1.32% (YTD -12.86%) and 0.70% (YTD -25.83) respectively.

In economic news, Saudi Arabia posted a budget deficit of SAR109.2 billion (USD29.12 billion) in the second quarter this year as low oil prices and the COVID-19 related shutdown hurt revenues, a Finance Ministry report showed. Meanwhile, a report by ratings' company Standard & Poors expected GCC government debt to increase by a record high of USD100 billion as funding needs grow due to low oil prices and the coronavirus pandemic.

On another note, both Dubai and Saudi Arabia announced further stimulus packages aimed at supporting their respective economies after new cases of COVID-19 surged. Dubai announced a further AED1.5 billion (USD408 million) stimulus package which brings the total stimulus package introduced by the UAE Emirate to USD1.7 billion. Meanwhile in Saudi Arabia, a royal decree was announced extending the government's support to public and private sectors and investors. The government of Saudi Arabia has spent more than USD57 billion on 142 initiatives to tackle the coronavirus's effect on its economy, the Saudi Press Agency reported.

In positive news, the Head of MENA Country Risk at ratings agency Fitch expected in an interview with Ahran newspaper that Egypt will be the only country across the Middle East and North Africa (MENA) region that will not have an economic recession during 2020 and 2021.

In the U.S., major indices have continued their torrid pace. The S&P 500 gained 5.51% (YTD 1.25%) to erase all its COVID-19 related losses and turn positive for the year, while the Dow Jones gained 2.38% (YTD -7.39%). Meanwhile in Europe, indices were mostly down bar the German DAX which closed the month barely up by 0.02% (YTD -7.06%). The French CAC 40 and the FTSE 100 meanwhile fell by 3.09% (YTD -19.98%) and 4.41% (YTD -21.81%) respectively. In the Far East, the Nikkei Index was down 2.59% (YTD -8.23%), while the Shanghai Composite Index surged 10.90% (YTD 8.52%) also turning positive for the year and the Hang Seng shot up by 0.69% (YTD -12.75%).



As Q2 earning season results enter full swing in MENA capital markets, more clarity will be shed about the effects the pandemic has had on different sectors of the economy and on the Funds' equity holdings in particular. It is believed that the second quarter of 2020 was the hardest on MENA economies as the shutdowns and the historical lows in oil prices were mainly witnessed during that period. Now that total lockdowns are firmly behind us, in addition to the marked recovery in oil prices and continuous decline in COVID-19 cases, we believe our risk-averse approach and our ample cash reserves will allow us to benefit from improvement in investor sentiment and the upswing in beaten down names.

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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