

# IIAB MENA Feeder Fund

Performance Report 29.03.18

A protected cell of the IIAB PCC Ltd

NAV PER SHARE

\$5.80

## 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

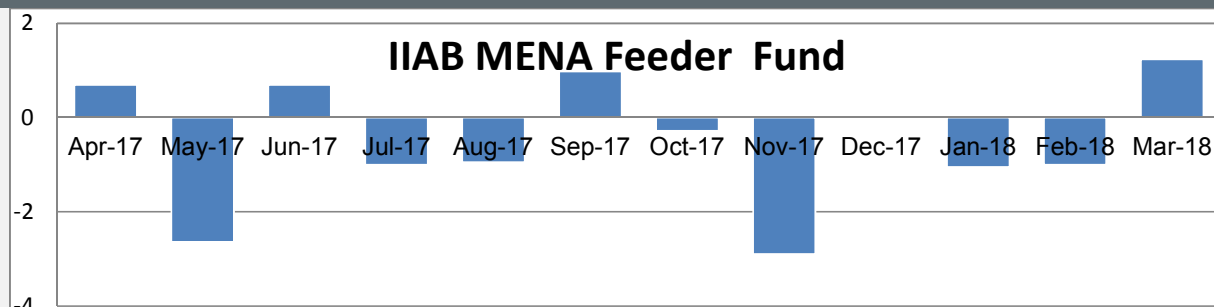
Domicile	Guernsey Channel Islands	Valuation point	Monthly, last business day of the month
Reference currency	USD	Minimum subscription	USD 25,000 & USD 1,000 thereafter
Fund assets	USD 2,939,751	Fund manager	AB Fund Managers (Guernsey) Ltd
Launch date	28 February 2008	Investment advisor	Al Arabi Investment Group Co (AB Invest)
Listing	CISX	Dealing frequency	Monthly, 10 business days prior to month end
		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.
<b>IIAB MENA Feeder Fund</b>													
2018	-1.05	-1.00	1.24										-0.83
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
2015	0.79	2.36	-3.44	5.70	-0.30	0.30	-0.17	-10.37	0.81	-2.97	0.54	-0.90	-8.19
2014	2.70	1.32	-0.13	1.94	1.89	-2.27	6.45	2.57	0.26	-4.26	-3.24	-0.86	6.06
<b>IIAB Islamic MENA Fund (Master Fund)</b>													
2018	-0.96	-0.92	1.30										-0.60
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
2014	2.80	1.39	-0.05	2.01	1.96	-2.18	6.54	2.65	0.33	-4.18	-3.17	-0.69	7.15

## MONTHLY RETURN OVER THE PREVIOUS 12 MONTHS



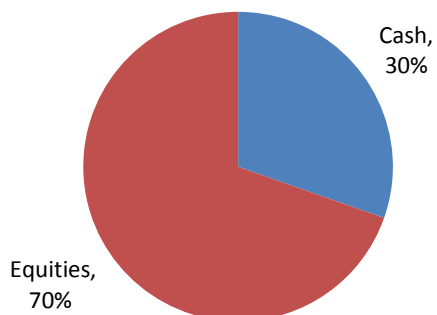
## PERFORMANCE STATISTICS (MASTER FUND)

	Portfolio
Annualised return	-4.5%
Annualised volatility	14.6%
Sharpe ratio	NM
Maximum month	8.3%
Minimum month	-25.6%
% Positive months	53.3%
Worst 12 months	-69.9%
Best 12 months	88.9%

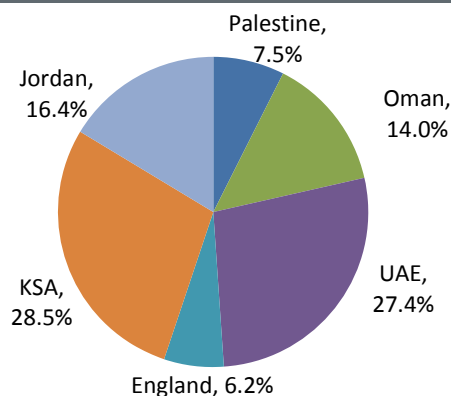
## TOP TEN HOLDINGS (MASTER FUND)

	Country	%
Siniora Food Industries	Jordan	9.12%
Emaar Properties	UAE	9.02%
Ooredoo	Oman	8.43%
Saudi Airlines Catering	KSA	8.32%
Dubai Islamic Bank	UAE	8.25%
Palestine Telecommunication	Palestine	5.19%
Savola Group	KSA	4.94%
Hikma Pharmaceuticals Plc	England	3.22%
Herfy Food Services Co	KSA	2.65%
Arab Pesticide and Veterinar	Jordan	2.28%

### ASSET ALLOCATION (MASTER FUND)



### GEOGRAPHIC ALLOCATION (MASTER FUND :EQUITIES)



### COMMENTARY

Average MENA markets were in recovery from a disappointing February this past month, significantly pulled up by the large weight Saudi market. The S&P Pan Arab Investable Index rose slightly by 0.21% (YTD +3.01%), and the Dow Jones MENA Index advanced by 3.35% (YTD +6.32%). Islamic markets in the region witnessed similar performance improvements, with the Dow Jones Islamic Market MENA Index gaining 2.84% (YTD +5.03%). The Arab Bank MENA Fund gained 0.79% (YTD +0.20%) and the IIAB Islamic MENA Fund gained 1.30% (YTD -0.60%). Subsequently, the AB MENA Feeder Fund rose by 0.74% (YTD +0.04 %) and the IIAB MENA Feeder Fund rose by 1.24% (YTD -0.83%).

Aside from a surge in the Saudi Arabian market (6.09%, YTD +8.92%), GCC markets had negative performances. The Abu Dhabi Index shrank by 0.27% (YTD +4.25%) and the DFM General Index retreated by 4.18% (YTD -7.76%). Oman's MSM30 Index lost 4.59% (YTD -6.39%), the Bahraini Index shed 3.76% (YTD -1.00%), and the Kuwaiti Index went down by 2.06% (YTD +3.52%). The Qatari Index slipped by only 0.92% this month and remained up by 0.59% since the start of the year, as, according to the IMF, the direct economic and financial impact of the diplomatic boycott with the four Arab countries is fading.

In positive performances during the month, the Jordanian Index moved up by 0.61% (YTD +5.01%). The Egyptian EGX30 rose by 12.78% (YTD +16.19%) after the country received the final USD1 billion tranche of a USD3 billion World Bank development policy loan. In addition, Capital Intelligence revised its outlook on Egypt's sovereign ratings from stable to positive. The Saudi Arabian TASI's performance was able to overtake the rest of the GCC as it gained 6.09% (YTD +8.92%). The rise was driven by anticipation of Index compiler FTSE Russell's decision to include Saudi Arabia in its Emerging Markets Index, which was confirmed month end. The country will carry a weight of 2.7% in the index, placing it in the top 10 countries. According to Tadawul chairperson, Sarah Al-Suhaimi, "FTSE inclusion could draw about USD3bn of investments to the kingdom". Due to its large expected size within the Index, FTSE Russell proposed to implement the inclusion of Saudi Arabia in several tranches to support efficient replication of the underlying change in the benchmark by index trackers. Inclusion is expected to be fully completed by December 2019.

In the U.S., the Federal Reserve, meeting for the first time under Chair Jerome Powell, raised the benchmark lending rates by 25 bps, which now stands at 2.25%. During the meeting, Fed officials forecast a steeper path of hikes in 2019 and 2020 to complement improving economic outlook. Meanwhile, the Dollar Index fell by 0.71% (YTD -2.33%) this March.

In response to the Fed's decision, a number of GCC countries also raised their interest rates. The UAE, Bahrain, and Kuwait all raised their key policy interest rates by the same margin. The Central Bank of Oman raised the interest rate it offers on capital deposits by 50 bps, and in Qatar, the Central Bank raised its overnight deposit rate by 25bps, but left its repo rate and overnight lending rate flat to shield the local economy from rising lending rates.

Saudi Arabia's central bank, in unusual timing, raised its key interest rate prior to the Fed meeting. The central bank raised its two key interest rates by 25 bps.

World stock markets experienced a volatile ride in March, with hikes in interest rates and escalating fears of a trade war between the U.S. and the international community, including trade giant, China. The S&P 500 dropped 2.69% (YTD -1.22%) and the Dow Jones fell by 3.70% (YTD -2.49%). The FTSE 100 also declined by 2.42% (YTD -8.21%), influenced by the global investor's weakened risk appetite in addition to continued Brexit negotiations. Also in Europe, the German DAX fell by 2.73% (YTD -6.35%) and the French CAC dropped 2.88% (YTD -2.73%). Furthermore, the Nikkei lost 2.78% (YTD -5.76%), the Shanghai Composite shed 2.78% (YTD -4.18%), and the Hang Seng dropped 2.44% and was able to maintain a positive year-to-date performance of +0.58%.

A protected cell of the IIAB PCC Ltd

In the commodities world, Brent oil gained 6.83% (YTD +5.08%) and WTI oil gained 5.35% (YTD +7.48%). OPEC and Russia are apparently considering a deal to extend their short-term alliance on oil supply curbs. According to Saudi Crown Prince, Mohammed bin Salman, the oil exporters are working to shift from a year-to-year- agreement to a 10- to 20-year agreement. Russia has cooperated with OPEC during previous gluts, but even a 10-year deal would be unprecedented.

We have maintained a fundamental value style focus, reallocating into price overbeaten equities and sectors, and are gradually repositioning some of the Fund's assets geographically. Despite the ongoing momentum trades in some countries, we believe that a strategic fundamentally driven focus is more worthy in terms of allocations and security selection. We, nonetheless, maintain a close eye on the market for tactical opportunities.

### 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

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.

This fact sheet is issued by AB Fund Managers (Guernsey) Ltd. IIAB MENA Feeder Fund is a Cell of IIAB PCC Ltd, AB Fund Managers (Guernsey) Ltd and IIAB PCC Ltd are licensed and regulated by the Guernsey Financial Services Commission. AB Fund Managers (Guernsey) Ltd is a wholly-owned subsidiary of the Arab Bank Group which is headquartered in Amman, Hashemite Kingdom of Jordan.

This Fact Sheet is not an invitation to make an investment, nor does it constitute an offer for sale. In addition, it does not constitute as an advertisement in a country where the Fund is not registered for sale.

For the purposes of FSA regulation, the fund is defined as an "Unregulated Collective Investment Scheme" and the promotion of such schemes either within the UK or from the UK is severely restricted by statute. Consequently, this report is only made available to Professional Clients and Eligible Counterparties as defined by the Financial Services Authority and to persons falling within the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001. The fund is only offered on the basis of the Offering Memorandum and any supplements thereto.

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.

