

IIAB MENA Feeder Fund

Performance Report 30.04.18

A protected cell of the IIAB PCC Ltd

NAV PER SHARE

\$5.79

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

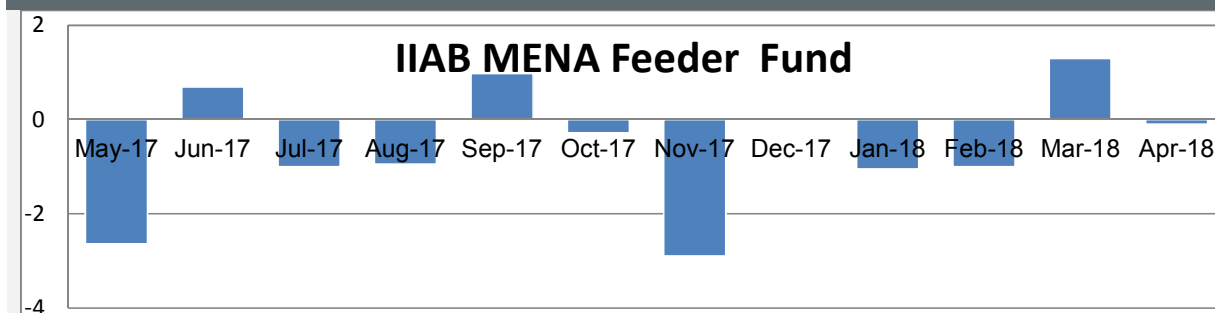
Domicile	Guernsey Channel Islands	Valuation point	Monthly, last business day of the month
Reference currency	USD	Minimum subscription	USD 25,000 & USD 1,000 thereafter
Fund assets	USD 2,939,377	Fund manager	AB Fund Managers (Guernsey) Ltd
Launch date	28 February 2008	Investment advisor	Al Arabi Investment 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.
IIAB MENA Feeder Fund													
2018	-1.05	-1.00	1.24	-0.01									-0.84
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
IIAB Islamic MENA Fund (Master Fund)													
2018	-0.96	-0.92	1.30	0.06									-0.54
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	53.7%
Worst 12 months	-69.9%
Best 12 months	88.9%

TOP TEN HOLDINGS (MASTER FUND)

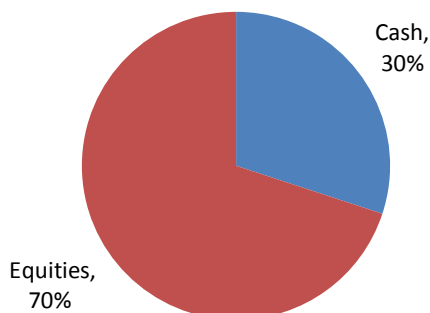
	Country	%
Emaar Properties	UAE	9.59%
Siniora Food Industries	Jordan	8.85%
Saudi Airlines Catering	KSA	8.83%
Dubai Islamic Bank	UAE	8.54%
Ooredoo	Oman	8.06%
Palestine Telecommunication	Palestine	5.01%
Savola Group	KSA	4.67%
Herfy Food Services Co	KSA	2.65%
Aramex	UAE	2.52%
Arab Pesticide and Veterinar	Jordan	2.20%

IIAB MENA Feeder Fund

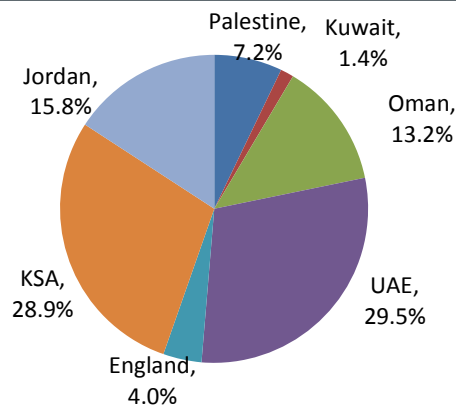
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ASSET ALLOCATION (MASTER FUND)



GEOGRAPHIC ALLOCATION (MASTER FUND :EQUITIES)



COMMENTARY

MENA markets continued their upward trend in April with the S&P Pan Arab Investable Index gaining 0.80% (YTD +3.83%), and the Dow Jones MENA Index appreciating by 2.60% (YTD +9.08%). Islamic markets in the MENA region saw similar improvements as the Dow Jones Islamic Market MENA Index rose by 1.32% (YTD +6.42%). The Arab Bank MENA Fund advanced by 2.30% (YTD +2.50%) and the IIAB Islamic MENA Fund gained 0.06% (YTD -0.54%). In turn, the AB MENA Feeder Fund rose by 2.25% (YTD +2.29%), and the IIAB MENA Feeder Fund edged down by 0.01% (YTD -0.84%).

In terms of individual country market indices, performances were mixed. The Qatari Index was the top performing index in the region after it advanced 6.27% in April (YTD +6.91%). The Saudi Arabian TASI gained 4.29% during the month to push its year-to-date performance up to 13.60%. The Abu Dhabi Index gained 1.83% (YTD +6.16%) whereas in Dubai, the DFM Index fell by 1.37% (YTD -9.02%). The Omani MSM30 Index lost 0.93% (YTD -7.26%), and the Bahraini Index, the worst performing index for the month, dropped 4.59% (YTD -5.54%). In Kuwait, the stock exchange divided its stock market into three market segments on April 1; the Premier Market, Main Market, and Auction Market, in a bid to boost liquidity for investors. Consequently, the new index used is the Premier Market Index, which fell by 3.38% this past month. Outside the GCC, the Jordanian Index lost 1.87% (YTD +3.04%). Meanwhile, the Egyptian EGX30 Index gained 4.84% (YTD +21.82%).

Globally, market advances offset the broad declines witnessed in March. To start with, the German DAX gained 4.26% (YTD -2.37%), the FTSE 100 rose by 6.42% (YTD -2.32%), and the French CAC 40 jumped 6.48% to erase its losses for the year (YTD +3.91%). In the U.S., the S&P 500 went up by 0.27% (YTD -0.96%) and the Dow Jones Industrial Average Index gained 0.25% (YTD -2.25%). The Nikkei Index rose by 4.72% (YTD -1.30%) and the Hang Seng gained 2.38% (YTD +2.97%). However, the Shanghai Composite Index lost 2.37% (YTD -6.80%).

Moody's does not expect the creditworthiness of GCC economies to rise due to the recent recovery in oil price. This is because ratings are based on each governments' response to economic, fiscal, and external challenges. Moody's analysis showed oil reaching an average of USD60 in 2018 and 2019, before sliding back down to USD55 afterwards. This April, however, Brent Oil gained 6.97% (YTD +13.49%) to reach USD75.17, and WTI Oil gained 5.59% (YTD +12.41%) to close at USD68.57. According to the Saudi Minister of Energy, the global market has the capacity to absorb oil prices greater than its current three year high, and Riyadh would be happy to see crude rise to USD80 or USD100. Reuters believe the statements signal that neither Saudi Arabia nor its allies will seek changes to the OPEC supply-cutting deal even though their original target is within sight.

In other news, Bahrain announced the discovery of 80 billion barrels of shale oil off the country's western coast, its largest oil and gas find ever. The field also contains approximately 14 trillion cubic feet of gas. Although the amount of oil that can be extracted is still being studied, the discovery dwarfs the onshore Bahrain oil field, which produces around 45,000 barrels per day. The Kingdom of Bahrain is a non-OPEC exporter that also produces nearly 160,000 barrels per day from an offshore field shared with Saudi Arabia.

Despite the previously mentioned, regional economic growth is expected to rebound in 2018 as a result of oil prices stabilizing at higher levels as well as a more positive global outlook. The World Bank, in its recent report titled "MENA Economic Monitor, April 2018: Economic Transformation", expects the MENA region to achieve an economic growth in 2018 at 3.1% (after falling to 2% in 2017 from 4.3% in 2016).

Meanwhile in the UAE, the UAE Central Bank implemented a new EIBOR calculation system to increase transparency and to more accurately reflect market conditions. Following the implementation, EIBOR rates went up slightly. The new system should boost currency exchange and financing industries in the UAE.

The rise in the overall general regional indices has so far been driven by the Saudi market, the largest market capitalization weight in the Dow Jones MENA Index and in the Dow Jones Islamic Market MENA Index. Although the run up in the Saudi market is partially justified by higher oil prices and improving liquidity conditions, it has been so far mostly driven by foreign and local momentum inflows capitalizing on the Saudi market's expected upgrade to an emerging market status by FTSE and MSCI. As such, relative valuations across the board are above average. We have maintained a fundamental value driven focus, reallocating into price overbeaten equities and sectors, and are gradually repositioning some of the Funds' 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.

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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.

