

IIAB Islamic MENA Fund

Performance Report 30.06.20

A Fund created by IIAB Islamic MENA Fund Company B.S.C. (Closed)

NAV PER SHARE

\$5.83

OBJECTIVE OF THE 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

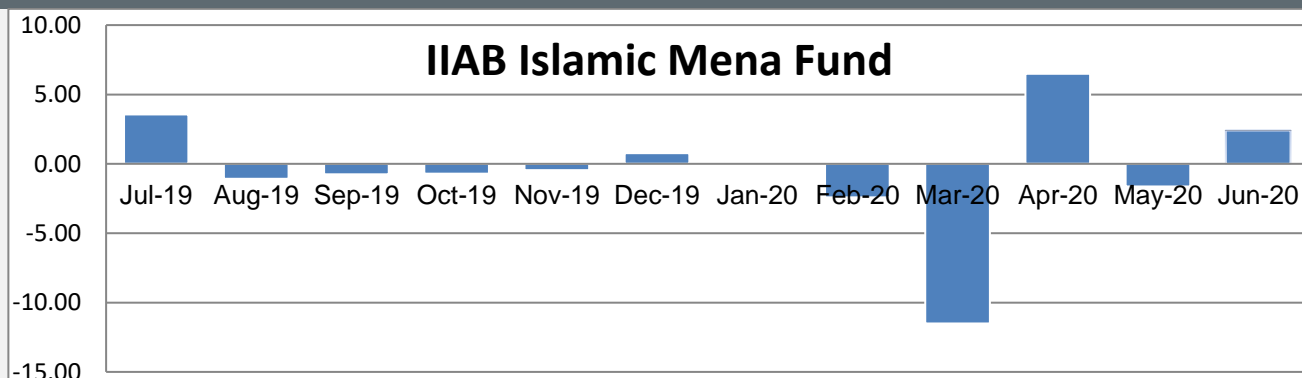
| | | | |
|---------------------------|-----------------------|-----------------------------|---|
| Domicile | Kingdom of Bahrain | Valuation point | Monthly, last business day of the month |
| Reference currency | USD | Minimum subscription | USD 25,000 & 100 units thereafter |
| Fund assets | USD 5,987,581 | Investment manager | Al Arabi Investment Group Co (AB Invest) |
| Administrator | Gulf Clearing Company | Dealing frequency | Monthly, 4 business days prior to month end |
| Launch date | 28 February 2008 | BBG code | IIABISL BI EQUITY |

MONTHLY PERFORMANCE (%)

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
|-------------------------------|-------|-------|--------|------|-------|-------|-------|--------|-------|-------|-------|-------|-------|
| IIAB Islamic MENA Fund | | | | | | | | | | | | | |
| 2020 | 0.15 | -2.41 | -11.50 | 6.49 | -1.63 | 2.40 | | | | | | | -7.22 |
| 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 |
| 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 |

Important note: The first NAV for the Fund was issued in April 08.

MONTHLY RETURN OVER THE PREVIOUS 12 MONTHS



RETURN PERCENTAGES

| | | | | | |
|----------|--------|-----------|--------|-----------------|---------|
| 1 month | 2.40% | 3 months | 7.27% | Since inception | -41.73% |
| 6 months | -7.22% | 12 months | -5.80% | | |

PERFORMANCE STATISTICS

| | Portfolio |
|-----------------------|-----------|
| Annualised return | -4.3% |
| Annualised volatility | 13.9% |
| 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

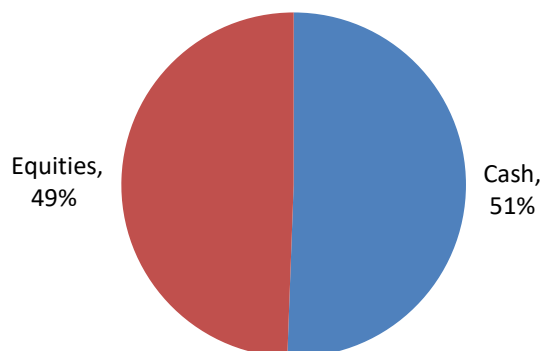
| | Country | % |
|------------------------------|-----------|--------|
| Aramex | UAE | 10.98% |
| Dubai Islamic Bank | UAE | 7.81% |
| Ooredoo | Oman | 6.86% |
| Emaar Properties | UAE | 5.58% |
| Human Soft Holding | Kuwait | 5.29% |
| Palestine Telecommunication | Palestine | 4.82% |
| Saudi Airlines Catering | KSA | 3.70% |
| Arab Pesticide And Veterinar | Jordan | 1.69% |
| Abu Dhabi Islamic Bank | UAE | 1.68% |
| Herfy Food Services | KSA | 1.00% |

IIAB Islamic MENA Fund

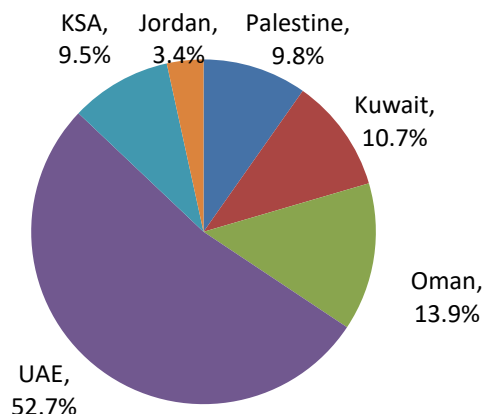
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ASSET ALLOCATION



GEOGRAPHIC ALLOCATION (EQUITIES)



COMMENTARY

Regional markets had positive month for the most part as Coronavirus-related lockdowns were eased and hopes for a vaccine increased. The S&P Pan Arab Investable Index went up by 1.85% (YTD -16.29%), and the Dow Jones MENA Index gained 1.81% (YTD -16.67%). In the Islamic compliant capital markets, the Dow Jones Islamic Market MENA Index surged by 2.12% (YTD -11.53%). The Arab Bank MENA Fund conformed with the trend and outperformed benchmark indices by surging 3.59% (YTD -11.07%) and the IIAB Islamic MENA Fund followed suit, going up by 2.40% (YTD -7.22%). Meanwhile, The IIAB MENA Feeder Fund gained 2.38% (YTD -7.65%).

After months of lagging performance, the DFM caught up with other regional indices. In June, the DFM Index recorded the region's largest gains after rising by 6.18% (YTD -25.30%). Meanwhile the Amman Stock Exchange index was the worst performing national index after shedding 2.45% (YTD -11.69%). Other regional indices were also up for the month with the exception of Oman, which dropped 0.81% (YTD -11.68%). Meanwhile, the Egyptian EGX30 gained 5.33% (YTD -22.90%), the Abu Dhabi Index mimicked its neighbor and added 3.48% for the month (YTD -15.56%). In the meantime, the Kuwaiti Premier Market Index was up by 3.37% (YTD -19.62%). Qatar and Bahrain rounded up the region's positive performances after posting gains of 1.74% (YTD -13.69%), and 0.63% (YTD -20.65%) respectively.

In economic news, Saudi Arabia's Gross Domestic Product (GDP) contracted by 1% in the first quarter compared to an increase of 1.7% in the same quarter last year according to preliminary estimates from the General Authority of Statistics. The negative growth originated mainly from the contraction in the oil sector by 4.6%. Meanwhile the non-oil sector recorded a positive growth rate of 1.6%. In other news, the International Monetary Fund threw a lifeline to Egypt as its executive board approved a new USD5.2 billion 12-month Stand-By Arrangement that aims to help the country cope with the Coronavirus pandemic and plug budget and balance-of-payments shortfalls.

In Tadawul news, National Commercial Bank (NCB) and Samba Financial Group signed an initial agreement to create a combined entity with almost SAR214 billion in assets. Saudi Arabia's sovereign wealth fund, the Public Investment Fund (PIF), is a major investor in both banks with a stake of 44.29% in NCB and 22.91% stake in Samba. The Public Pension Agency and the General Organization for Social Insurance are also substantial shareholders in both banks.

Meanwhile in the UAE, ADNOC the state-owned oil giant, signed a mega deal with a consortium of infrastructure investors and sovereign wealth and pension funds to invest in select ADNOC gas pipeline assets valued at USD20.7 billion. Finally, Morgan Stanley Capital International (MSCI) announced it will implement the reclassification of the MSCI Kuwait Indexes from frontier market status to Emerging Market in November 2020. MSCI postponed the inclusion from its preliminary date of 1st of June due to the massive fallout of COVID-19 on global economy and investment patterns.

Major global markets have unanimously ticked up during the month of June as investor sentiment became more hopeful of a sharp economic recovery. In the U.S., the S&P 500 gained 1.84% (YTD -4.04%), and the Dow Jones gained 1.69% (YTD -9.55%). Meanwhile in Europe, the German DAX jumped 6.25% (YTD -7.08%), the French CAC 40 appreciated by 5.12% (YTD -17.43%), and the FTSE 100 was up by 1.53% (YTD -18.20%). In the Far East, the Nikkei Index rose by 1.88% (YTD -5.78%), the Shanghai Composite Index was up by 4.64% (YTD -2.15%), and the Hang Seng surged by 6.38% (YTD -13.35%).

As we enter the summer months, we expect to see more volatility in equity markets as sentiment swings from fear of COVID-19, with repercussions on the economy are still an enigma to investors, to optimism stemming from hopes of a sharp economic uptick once cases recede and/or a vaccine is eventually discovered. We remain positive in the long-run on MENA stock markets as oil prices recover from their unprecedented lows and drives to diversify economies away from dependence on it gain more momentum, perhaps due to the lows experienced in previous months. We still maintain a high cash balance, as we look to buy opportunistically in overbeaten names and benefit from several drives to consolidate between companies.

INVESTMENT METHODOLOGY & EDGE

AB Invest is one of the most experienced and fastest growing MENA investment managers operating out of Jordan. AB Invest provides its clients with a number of MENA-focused investment solutions on conventional and Sharia-compliant bases. Our investment process is based on rigorous fundamental analysis with a view on delivering superior risk-adjusted returns, using a combination of top-down and bottom-up approaches. Our deep knowledge of the markets in which we invest allows us to deliver consistent returns while prudently managing risk.

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.

IIAB Islamic MENA Fund is a Fund created and sponsored by the IIAB Islamic MENA Fund Company B.S.C. (Closed) and is an open-ended investment Fund registered under the Laws of the Kingdom of Bahrain.

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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.

