

# IIAB MENA Feeder Fund

Performance Report 29.07.22

A protected cell of the IIAB PCC Ltd

**NAV PER SHARE** **\$6.09**

## 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

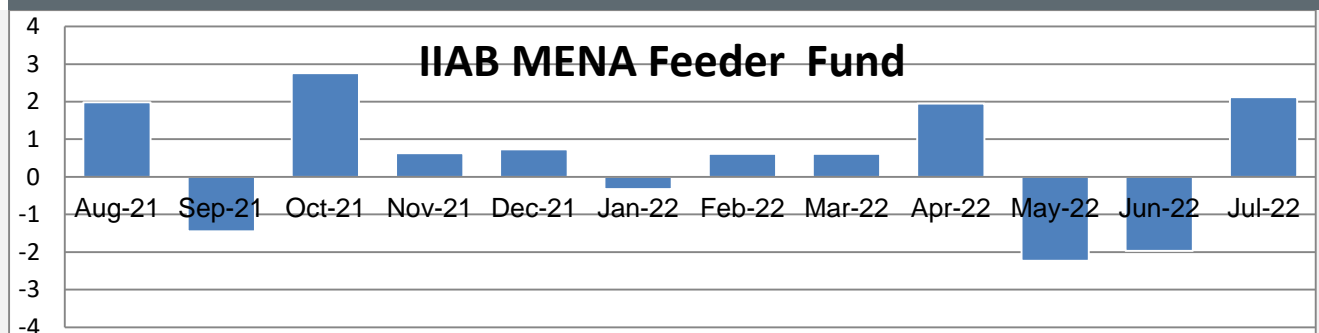
<b>Domicile</b>	Guernsey Channel Islands	<b>Valuation point</b>	Monthly, last business day of the month
<b>Reference currency</b>	USD	<b>Minimum subscription</b>	USD 25,000 & USD 1,000 thereafter
<b>Fund assets</b>	USD 3,047,265	<b>Fund manager</b>	AB Fund Managers (Guernsey) Ltd
		<b>Investment advisor</b>	Al Arabi Investment Group Co (AB Invest)
<b>Launch date</b>	28 February 2008	<b>Dealing frequency</b>	Monthly, 10 business days prior to month end
<b>Listing</b>	CISX	<b>BBG code</b>	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>													
2022	-0.32	0.61	0.95	1.95	-2.23	-1.97	2.12						1.03
2021	1.51	-2.25	-0.47	0.38	3.29	0.26	-0.99	1.98	-1.45	2.76	0.63	0.73	6.42
2020	0.08	-2.49	-11.71	6.53	-1.71	2.38	-0.57	1.42	1.86	-0.73	2.70	2.33	-1.03
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
<b>IIAB Islamic MENA Fund (Master Fund)</b>													
2022	-0.25	0.65	0.99	1.95	-2.12	-1.87	2.29						1.56
2021	1.54	-2.15	-0.40	0.43	3.29	0.32	-0.90	2.00	-1.36	2.76	0.67	0.77	7.02
2020	0.15	-2.41	-11.50	6.49	-1.63	2.40	-0.49	1.46	1.89	-0.65	2.71	2.36	-0.32
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

## MONTHLY RETURN OVER THE PREVIOUS 12 MONTHS



## PERFORMANCE STATISTICS (MASTER FUND)

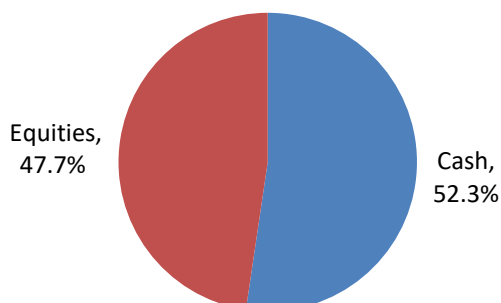
	Portfolio
Annualised return	-2.7%
Annualised volatility	13%
Sharpe ratio	NM
Maximum month	8.3%
Minimum month	-25.6%
% Positive months	52.9%
Worst 12 months	-72.3%
Best 12 months	94.1%

## TOP TEN HOLDINGS (MASTER FUND)

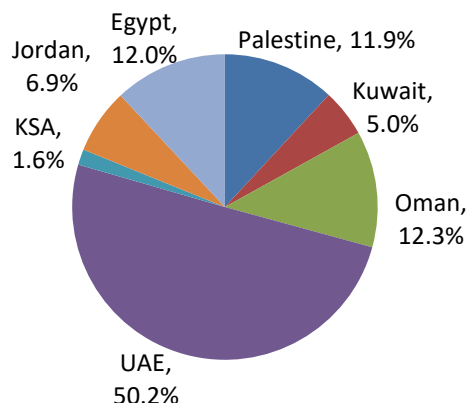
	Country	%
Dubai Islamic Bank	UAE	10.67%
Emaar Properties Company	UAE	7.17%
OOREDOO OMR	Oman	5.87%
Palestine Telecommunications Company	Palestine	5.67%
Cairo Investment & Real Estate Development	Egypt	3.89%
Aramex	UAE	3.47%
Al Yah Satellite Communications Company	UAE	2.63%
Human Soft Holding Co	Kuwait	2.41%
Jordan Islamic Bank	Jordan	2.36%
Cairo Poultry Company	Egypt	1.82%



### ASSET ALLOCATION (MASTER FUND)



### GEOGRAPHIC ALLOCATION (MASTER FUND :EQUITIES)



### COMMENTARY

During the month of July, MENA markets bounced back strongly to recording gains - after two straight months of steep losses - due to a combination of strong Q2 earnings and high oil prices. The S&P Pan Arab Investable Index was up 5.41% (YTD 4.01%), and the Dow Jones MENA Index was up by 5.55% (YTD 4.61%). The Arab Bank MENA Fund has also gone up, rising by 2.47% (YTD 2.24%). The Dow Jones Islamic Market MENA Index followed suit, recording gains of 2.29% (YTD 1.56%). The IIAB MENA Feeder Fund consequently was up by 2.12% (YTD 1.03%).

All of the MENA region's equity markets ended the month of July in the green. The Omani Stock Exchange was at the forefront of all advancers, recording gains of 9.93% (YTD 9.75%), followed closely by the Qatari index which has advanced by 9.67% (YTD 15.00%). They were followed by the Saudi Arabian TASI, the Jordanian ASE index, the Kuwait Premier Market index, the Bahraini Index, the Dubai Financial Market index, the Abu Dhabi market and the Egyptian Stock Exchange which have gained 5.29% (YTD 23.05%), 4.37% (YTD 12.62%), 3.58% (YTD 6.02%), 3.56% (YTD 4.44%), 3.08% (YTD 13.84%) and 2.62% (YTD -20.77%) respectively.

Global capital markets also recorded positive performances in the most, with indices in the U.S. and Europe largely up, while Asia's equity indices suffered from large drops. The S&P 500 Index rose by 9.11% (YTD -13.34%), while the Dow Jones index gained 6.73% (YTD -9.61%). In Europe, the French CAC 40 Index shot up 8.87% (YTD -9.85%), the German DAX rose 5.48% (YTD -15.11%) and the FTSE 100 gained 3.54% (YTD 0.53%). Asia on the other hand was mostly down. The Nikkei index was the sole exception, rising by 5.34% (YTD -3.44%), while the Hang Seng shed an incredible 7.79% (YTD -13.85%) and the Shanghai Composite was down 4.28% (YTD -10.62%).

In July's marquee news, Federal Reserve officials raised interest rates by 75 basis points for the second straight month and Chair Jerome Powell said a similar move was possible again, rejecting speculation that the US economy is in recession. Policy makers, facing the hottest cost pressures in 40 years, lifted the target for the federal funds rate to a range of 2.25% to 2.50%. That takes the cumulative June-July increase to 150 basis points, the steepest since the price-fighting era of the early 1980s. Mr. Powell said it was too soon to say whether the Fed would dial down the size of its rate increases to a half-percentage point or a quarter-percentage point at its next meeting in September. But he said that at some stage, it would be appropriate to slow the pace of rate increases to assess their cumulative impact on the economy.

Furthermore, the International Monetary Fund cut its global growth outlook for this year and next, warning that the world economy may soon be on the cusp of an outright recession. Global economic expansion will likely slow to 3.2% this year, less than the 3.6% forecast by the fund in April and the 4.4% seen in January, the IMF said in an update to its World Economic Outlook. The series of interest-rate increases that central banks have unleashed to contain inflation is expected to bite in 2023, with global output growth set to slow to 2.9%. In regional news, the UAE central bank's quarterly report indicated that total real GDP increased by 8.2% annually in the first quarter of 2022. The central bank expects real GDP to grow by 5.4% in 2022 and 4.2% in 2023 and expects non-oil GDP to increase by 4.3% and 3.9% in 2022 and 2023, respectively. The report also mentioned that there is a higher probability for growth being stronger, driven by higher oil production and by the government commitment to double the size of the manufacturing sector by 2031.

As the second half of 2022 officially begins, we continue to monitor our holdings to benefit from selling opportunities for the names with limited upside and buying opportunities for the names still trading below their intrinsic value. Our elevated cash levels should cushion any blow resulting from an unexpected downturn in markets and allow us to pick up stocks at attractive valuations should that scenario materialize.



## 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.

