

# IIAB MENA Feeder Fund

Performance Report 30.04.19

A protected cell of the IIAB PCC Ltd

**NAV PER SHARE** **\$5.77**

## 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

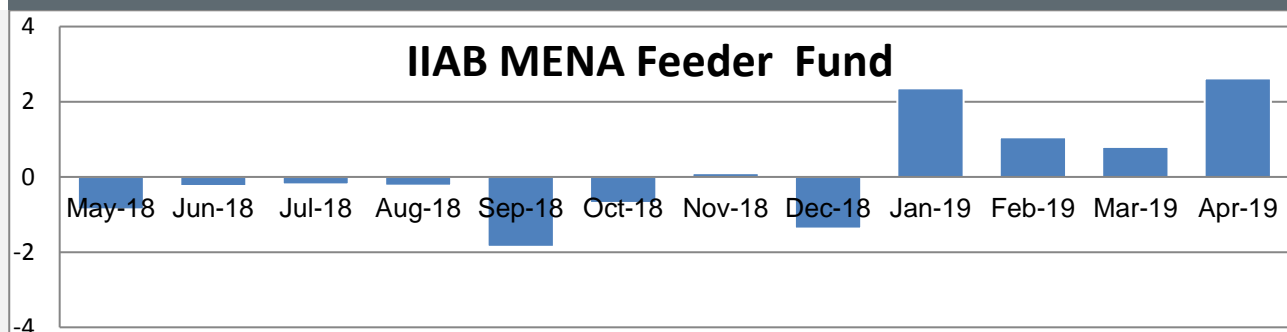
<b>Domicile</b>	Guernsey Channel Islands	<b>Valuation point</b>	Monthly, last business day of the month
<b>Reference currency</b>	USD	<b>Minimum subscription</b>	USD 25,000 & USD 1,000 thereafter
<b>Fund assets</b>	USD 2,926,310	<b>Fund manager</b>	AB Fund Managers (Guernsey) Ltd
		<b>Investment advisor</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>													
2019	2.36	1.05	0.80	2.62									7.00
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
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
<b>IIAB Islamic MENA Fund (Master Fund)</b>													
2019	2.41	1.10	0.85	2.65									7.18
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

## MONTHLY RETURN OVER THE PREVIOUS 12 MONTHS



## PERFORMANCE STATISTICS (MASTER FUND)

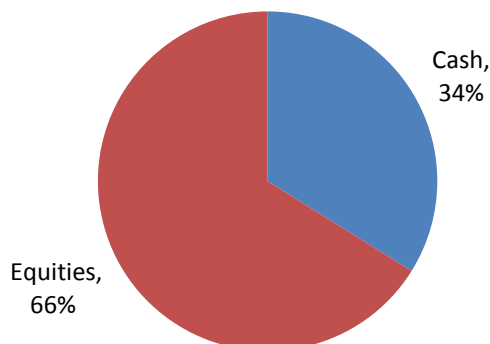
	Portfolio
Annualised return	-4.1%
Annualised volatility	14.0%
Sharpe ratio	NM
Maximum month	8.3%
Minimum month	-25.6%
% Positive months	52.6%
Worst 12 months	-69.9%
Best 12 months	88.9%

## TOP TEN HOLDINGS (MASTER FUND)

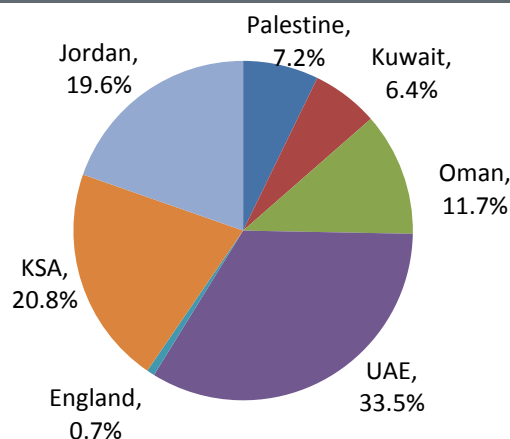
	Country	%
Siniora Food Industries	Jordan	10.89%
Dubai Islamic Bank	UAE	8.66%
Ooredoo	Oman	7.76%
Emaar Properties	UAE	7.54%
Saudi Airlines Catering	KSA	7.34%
Aramex	UAE	5.97%
Palestine Telecommunication	Palestine	4.76%
Human Soft Holding	Kuwait	4.20%
Savola Group	KSA	2.79%
Dallah Health Care Holding	KSA	2.47%



### ASSET ALLOCATION (MASTER FUND)



### GEOGRAPHIC ALLOCATION (MASTER FUND :EQUITIES)



### COMMENTARY

MENA markets in April continued on their upward trend for the year following the rise in global equity markets. The S&P Pan Arab Investable Index added 3.50% (YTD +6.06%) and the Dow Jones MENA Index added 4.16% (YTD +12.15%). Meanwhile, Shariah-compliant equity in the region showed slightly lower growth with the Dow Jones Islamic Market MENA Index rising 2.65% (YTD +8.40%). Consequently, the Arab Bank MENA Fund appreciated 2.48% (YTD +6.70%) and the IIAB Islamic MENA Fund gained 2.65% (YTD +7.18%). In turn, the AB MENA Feeder Fund increased 2.45% (YTD +6.52%) and the IIAB MENA Feeder Fund went up by 2.62% (YTD +7.00%).

The International Monetary Fund (IMF)'s Managing Director, Christine Lagarde, said global growth has lost momentum since the start of the year, leaving the world economy in a risky position. The IMF cut its outlook for global growth for the third time in six months to the lowest level since the financial crisis owing to a bleaker outlook in most major advanced economies. In its latest World Economic Outlook report, the world economy is expected to grow by 3.3% this year, down from the 3.5% it had forecast for 2019 in January. In light of that, the IMF's Deputy Managing Director warned policy makers to "do no harm" as the rise of downside risks calls for precautionary measures. "With trade tensions, not knowing where monetary policy is going to go, not knowing how Chinese growth will turn out, it's time to make sure policymakers do no harm."

In general, global equity markets rose this past month. In the U.S. the S&P 500 rose 3.93% (YTD +17.51%) and the Dow Jones Industrial Average Index gained 2.56% (YTD +14.00%). At the same time, the French CAC 40 Index went up by 4.41% (YTD +18.09%), the German DAX jumped 7.10% (YTD +16.91%), and the FTSE 100, failing to match European market performances due to pressures to reach a Brexit deal, rose 1.91% (YTD +10.26%). In addition, the Japanese Nikkei Index gained 4.97% (YTD +11.21%), the Hang Seng appreciated by 2.23% (YTD +14.91%), while the Shanghai Composite shed 0.40% (YTD +23.43%).

In terms of regional markets' performances, Jordan's ASE General Index slid 5.37% in its second monthly decline for the year and, with it, reversed all gains in 2019 (YTD -5.10%). The Egyptian EGX30 Index, however, rose 1.24% in April (YTD +14.46%). In the GCC, the Kuwaiti Premier Market Index gained 1.01% (YTD +14.81%), the Bahraini Index appreciated by 1.46% (YTD +7.23%), and the Qatari Index went up by 2.67%, bringing its year-to-date performance back into positive territory (YTD +0.76%). In Saudi Arabia, the TASI jumped 5.50% in the lead up to another phase of FTSE Russell Emerging Markets inclusion on the last day of the month (YTD +18.88%). Meanwhile in the UAE, the DFM General Index advanced by 5.02% (YTD +9.38%), and the Abu Dhabi General Index appreciated 3.61% to push its yearly performance into the black (YTD +6.98%). On the other hand, Oman's MSM30 Index was once again among the few declining indices as it fell by 0.95% (YTD -8.74%).

In Saudi Arabia, the Finance Minister said that the kingdom recorded a budget surplus of SAR27.8 billion (USD7.41 billion) in the first quarter of the year. This is the country's first surplus since oil prices plunged in 2014. The government had projected a deficit of SAR131 billion for this year, lower than last year's SAR136 billion. After years of weak growth, Riyadh plans to increase state spending by 7% in 2019 to an all-time high of SAR1.106 trillion to spur growth; expenditure in the first quarter came to SAR217.6 billion, slightly higher than in 2018. Furthermore, the Purchasing Manager's Index (PMI) for the Saudi non-oil private sector remained at 56.8 in April, the highest level since the end of 2017. The survey cited strong growth in output and new orders despite a highly competitive market.

In other GCC news, Kuwait signed an agreement to support Bahrain's economy as part of a series of fiscal reforms undertaken by Bahrain. The newly signed "multi-party cooperation framework" formalizes a previously agreed package for supporting the economic reforms and financial stability of Bahrain. The previously agreed package refers to the USD10 billion in financial aid pledged by Kuwait, Saudi Arabia and the UAE last year to save the country from a potential debt crisis.



A protected cell of the IIAB PCC Ltd

Jordan is reportedly in talks with the World Bank to discuss a USD1 billion soft loan to cut the cost of its debt repayments and revive the economy which has been strained by more than a million Syrian Refugees. At the World Economic Forum meeting at the Dead Sea, the Prime Minister said the government is "moving on several fronts to reduce the high debt burden by considering concessional loans and focusing on triggering economic growth". As such, the government is seeking a 30-year facility at an interest rate of 4%. Regional wars have taken a toll on the economy, with unemployment at a two-decade high leading to periods of unrest. However, the recent reopening of Jordan's border with Iraq has driven an annual 13.6% increase in Jordanian exports in the first quarter of 2019. The two countries also plan to connect their electric grids and build an industrial zone near the border. Jordan is supposed to start receiving oil from Iraq by tanker "very soon," the Prime Minister reported, under a February deal for 10,000 barrels of crude per day. A planned oil pipeline from Basra to Aqaba is forecast to "see the light" in three years.

As for developments in Egypt, the IMF has determined four economic measures for the government to take before releasing the last USD2 billion tranche of its USD12 billion Extended Fund Facility. The measures include the automation of the fuel pricing mechanism and issuing rules for the acquisition of state-owned firms by the private sector, in addition to improving the Central Bank's management of foreign reserves and conducting a number of privatization transactions on the Egyptian Exchange (EGX). The Purchasing Manager's Index (PMI) for the country's non-oil private sector strengthened to 50.8 in April, breaching the 50 mark that separates growth from contraction. The reading is Egypt's highest since August of 2015. Business link the improvement in business conditions to greater market movement and increased demand.

In oil news, the International Energy Association (IEA) said that global oil markets have been tightening with the drop in OPEC supply, though economic threats could lead to lower demand forecasts. Crude inventories are expected to decline for the rest of the year as Saudi Arabia and its partners curb production, and economic and political turmoil bear down on Venezuelan, Iranian, and Libyan exports. Moreover, while the agency kept its estimates for 2019 global consumption growth unchanged at 1.4%, it highlighted a number of concerns including the trade dispute between China and the U.S., modest demand recovery in the Middle East, and weakness in European countries. In April, Brent oil rose 6.45% (YTD +35.32%) and WTI oil gained 6.27% (YTD +40.74%).

We will be keeping a close eye on the markets in the next few months, hunting for overbeaten stocks in the aftermath of the market upgrades expected to take place, the conclusion of the dividends season and the rising uncertainty of the global trade wars.

### 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 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.

