

IIAB MENA Feeder Fund

Performance Report 30.04.21

A protected cell of the IIAB PCC Ltd

NAV PER SHARE **\$5.62**

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

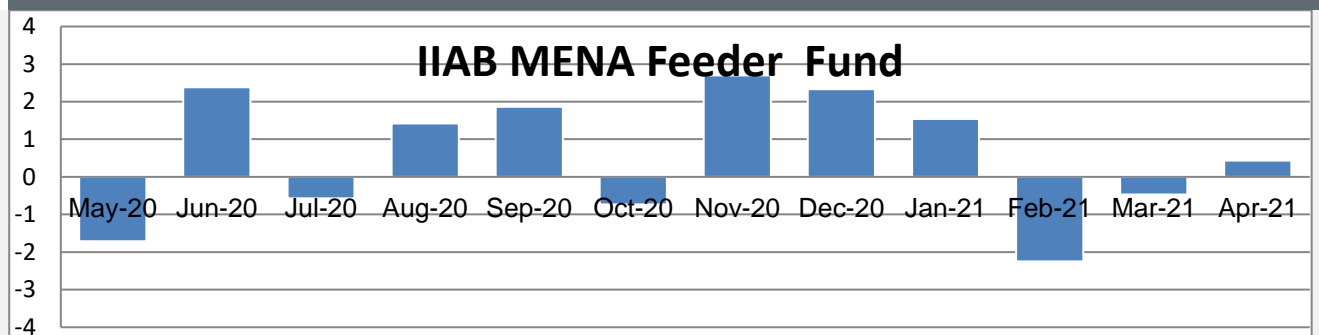
| | | | |
|---------------------------|--------------------------|-----------------------------|--|
| Domicile | Guernsey Channel Islands | Valuation point | Monthly, last business day of the month |
| Reference currency | USD | Minimum subscription | USD 25,000 & USD 1,000 thereafter |
| Fund assets | USD 2,848,643 | Fund manager | AB Fund Managers (Guernsey) Ltd |
| | | Investment advisor | Al Arabi Investment Group Co (AB Invest) |
| Launch date | 28 February 2008 | Dealing frequency | Monthly, 10 business days prior to month end |
| Listing | CISX | 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 | | | | | | | | | | | | | |
| 2021 | 1.51 | -2.25 | -0.47 | 0.38 | | | | | | | | | -0.87 |
| 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 |
| 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 |
| IIAB Islamic MENA Fund (Master Fund) | | | | | | | | | | | | | |
| 2021 | 1.54 | -2.15 | -0.40 | 0.43 | | | | | | | | | -0.62 |
| 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 |
| 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 |

MONTHLY RETURN OVER THE PREVIOUS 12 MONTHS



PERFORMANCE STATISTICS (MASTER FUND)

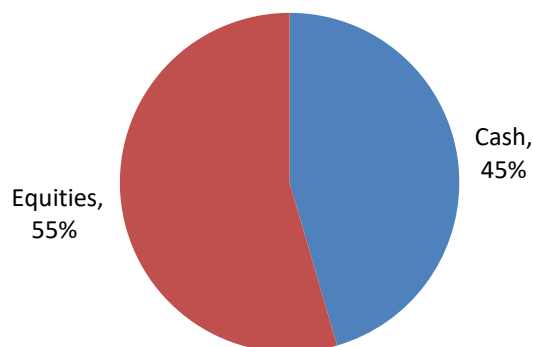
| | Portfolio |
|-----------------------|-----------|
| Annualised return | -3.6% |
| Annualised volatility | 13.5% |
| Sharpe ratio | NM |
| Maximum month | 8.3% |
| Minimum month | -25.6% |
| % Positive months | 51.6% |
| Worst 12 months | -72.3% |
| Best 12 months | 94.1% |

TOP TEN HOLDINGS (MASTER FUND)

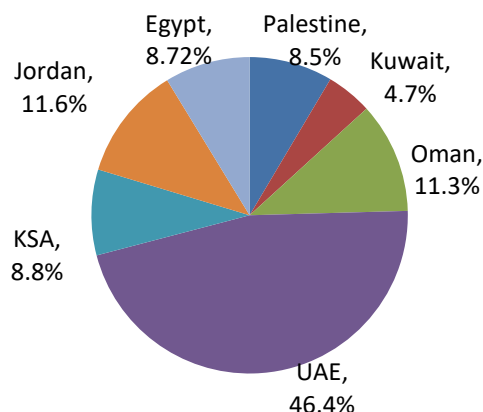
| | Country | % |
|--|-----------|-------|
| Aramex | UAE | 9.99% |
| Dubai Islamic Bank | UAE | 8.53% |
| Emaar Properties | UAE | 6.75% |
| OOREDOO OMR | Oman | 6.17% |
| Jordan Islamic Bank | Jordan | 5.30% |
| Saudi Airlines Catering | KSA | 4.77% |
| Palestine Telecommunications Company | Palestine | 4.65% |
| Cairo Investment & Real Estate Development | Egypt | 3.05% |
| Human Soft Holding Co | Kuwait | 2.56% |
| Cairo Poultry Company | Egypt | 1.71% |



ASSET ALLOCATION (MASTER FUND)



GEOGRAPHIC ALLOCATION (MASTER FUND :EQUITIES)



COMMENTARY

For the sixth straight month, MENA equity indices recorded substantial gains driven by the heavyweight Saudi index as the inflation in commodities' prices played in favor of the petro chemical heavy Tadawul index. The S&P Pan Arab Investable Index surged 4.14% (YTD 14.69%), and the Dow Jones MENA Index was up by 3.99% (YTD 14.12%). Similarly, the Arab Bank MENA Fund was up by 1.46% (YTD 1.26%). The Dow Jones Islamic Market MENA Index mimicked its conventional equivalent, gaining 3.91% (YTD 13.98%). The IIAB MENA Fund though gained 0.43% (YTD -0.62%). The IIAB MENA Feeder Fund consequently was up by 0.38% (YTD -0.87%).

The region's capital markets were all up during the month of April bar one. The Saudi Arabian TASI was the top performer for the second straight month, surging by 5.16% (YTD 19.90%) followed by the Qatari index which was up by 4.90% (YTD 4.56%), and the Kuwait Premier Market which gained 4.72% (YTD 9.45%). The Abu Dhabi index, Dubai Financial Market and the Bahraini index were next, gaining 2.27% (YTD 19.85%), 2.16% (YTD 4.55%) and 1.84% (YTD -0.33%) respectively. Finally, the list of advancing indices was rounded up by the Omani stock exchange which was up by 1.41% (YTD 2.79%) and the Jordanian ASE index which was up by 1.30% (YTD 8.34%). On the other hand, the Egyptian Stock Exchange was the biggest loser for the second straight month, shedding 0.88% (YTD -3.42%).

Global capital markets were also almost unanimously up. In the U.S., the S&P 500 Index surged by 5.24% (YTD 11.32%) while the Dow Jones surged 2.71% (YTD 10.68%). In Europe, all major indices experienced a positive month. The French CAC 40 Index has gone up by 3.33% (YTD 12.93%), the German DAX gained 0.85% (YTD 10.33%) and the FTSE 100 shot up 3.82% (YTD 7.88%). Asia followed a similar path to major indices in the West with the exception of the Nikkei index which bucked the upward trend, shedding 1.95% (YTD 4.99%) while the Hang Seng gained 1.22% (YTD 5.49%) and the Shanghai Composite crept up by 0.14% (YTD -0.75%).

In April, the IMF has noted that most advanced economies will emerge from the coronavirus crisis with little lasting damage, thanks to the relatively rapid rollout of vaccines and their willingness to increase sharply public spending and borrowing. The likely success in managing the economic fallout from the pandemic will not be replicated in emerging economies, however, highlighting the divergence in economic fortunes, the Fund said. Even with differing fortunes, the global economic outlook had improved notably since the Fund's previous forecasts at the start of this year, revising upward its expectations for almost all countries. The global economy is set to enjoy two years of rapid growth in 2021 and 2022 of 6% and 4.4%, the IMF forecast.

President Joe Biden presented a USD2.25 trillion US infrastructure plan. The "American Jobs Plan" as the president dubbed it, lays out an eight-year program that includes USD620 billion for transportation and USD650 billion for initiatives such as cleaner water and high-speed broadband. Biden's plan would also allocate USD580 billion to American manufacturing - which would include USD180 billion for the biggest non-defense research and development program on record and USD400 billion towards care for the elderly and disabled.

In regional news, property prices in Dubai have started to increase on the back of strong demand, with values in March rising by 1.3% compared to 2020, the first yearly increase since 2015, according to Property Monitor. Meanwhile, The Ruler of Dubai announced a new strategic program to boost vital sectors in the country. Under the initiative, Emirates Development Bank (EDB) will provide a sizeable AED30 billion financial support to businesses and start-ups in a major step to drive the national economy.

Moreover, Qatar may allow foreign investors to fully own listed companies, in a move that could trigger more than USD1 billion of overseas inflows. The cabinet approved a draft law that will allow overseas investors to own up to 100% of listed companies, according to the state-run Qatar News Agency.

In energy news, OPEC raised its forecast for growth in world oil demand this year on expectations the pandemic will subside, providing help for the group and its allies in their efforts to support the market. Demand will rise by 5.95 million barrels per day (bpd) in 2021, or 6.6%, the organization has said. This has led to OPEC, Russia and their allies sticking to plans for a phased easing of oil production restrictions from May to July, despite surging coronavirus cases in India, Brazil and Japan.



Equity markets have continued their incredible rally four months into 2021 with no signs that the rally is losing steam. Headwinds such as a potential tax on capital gains in the USA, rising inflationary pressures and risks and coronavirus levels reaching global record highs, failed to derail the solid rise in asset prices. We continue to be prudent, value driven and fundamentally led as finding value is becoming more difficult in the face of surging asset prices. We believe our approach will provide our investors with downside protection should markets eventually sour and keep our liquidity ample to capitalize on attractive valuations in case they emerge

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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