

IIAB MENA Feeder Fund

Performance Report 30.11.18

A protected cell of the IIAB PCC Ltd

NAV PER SHARE **\$5.47**

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

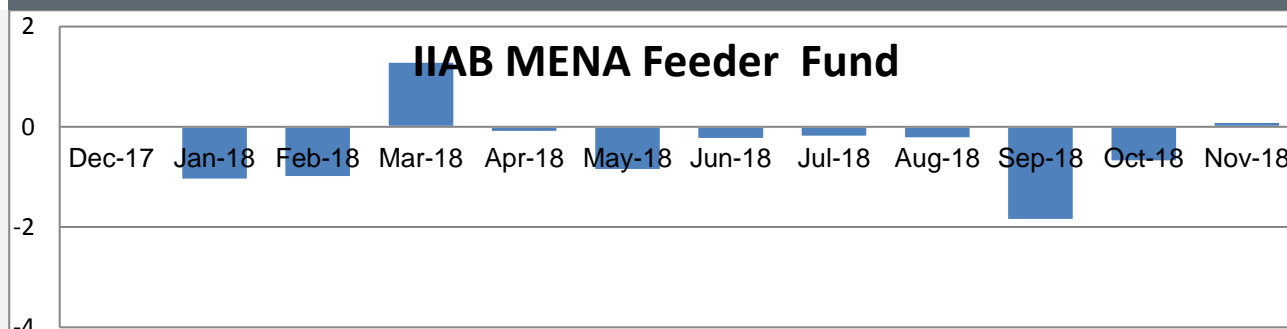
Domicile	Guernsey Channel Islands	Valuation point	Monthly, last business day of the month
Reference currency	USD	Minimum subscription	USD 25,000 & USD 1,000 thereafter
Fund assets	USD 2,772,859	Fund manager	AB Fund Managers (Guernsey) Ltd
		Investment advisor	Al Arabi Investment Group Co (AB Invest)
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													
2018	-1.05	-1.00	1.24	-0.01	-0.86	-0.24	-2.00	-0.23	-1.86	-0.69	0.10		-6.46
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	-0.81	-0.17	-1.94	-0.18	-1.80	-0.64	0.15		-5.80
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



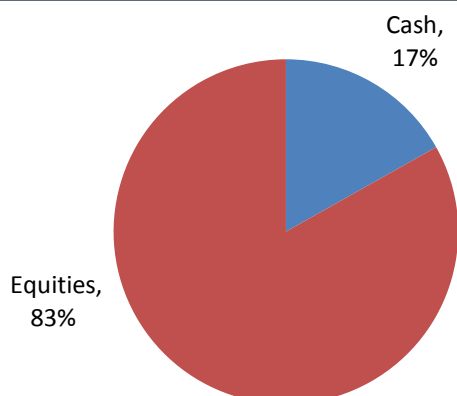
PERFORMANCE STATISTICS (MASTER FUND) | TOP TEN HOLDINGS (MASTER FUND)

PERFORMANCE STATISTICS (MASTER FUND)	
	Portfolio
Annualised return	-4.7%
Annualised volatility	14.2%
Sharpe ratio	NM
Maximum month	8.3%
Minimum month	-25.6%
% Positive months	51.6%
Worst 12 months	-69.9%
Best 12 months	88.9%

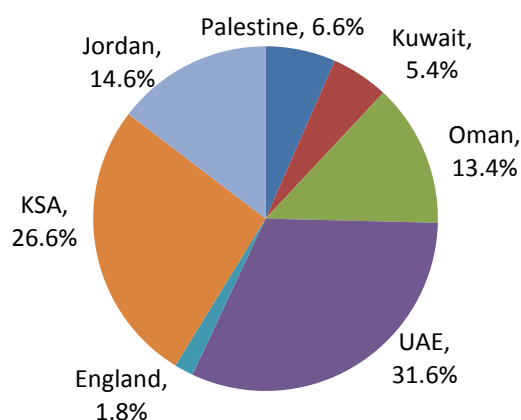
TOP TEN HOLDINGS (MASTER FUND)			
		Country	%
Ooredoo		Oman	10.20%
Siniora Food Industries		Jordan	9.76%
Dubai Islamic Bank		UAE	9.28%
Aramex		UAE	8.94%
Emaar Properties		UAE	7.97%
Saudi Airlines Catering		KSA	7.72%
Dallah Health Care Holding		KSA	6.56%
Palestine Telecommunication		Palestine	5.46%
Human Soft Holding		Kuwait	4.47%
Savola Group		KSA	3.88%



ASSET ALLOCATION (MASTER FUND)



GEOGRAPHIC ALLOCATION (MASTER FUND :EQUITIES)



COMMENTARY

MENA markets experienced widespread decline in November. Both the S&P Pan Arab Investable Index and the Dow Jones MENA Index retreated for the month but remained in the black year-to-date. The S&P Pan Arab Investable Index lost 0.42% (YTD+2.37%) and the Dow Jones MENA Index dropped 1.57% (YTD +5.59%). Islamic markets fared similarly with the Dow Jones Islamic Market MENA Index shedding 1.95% (YTD +3.46%). The Arab Bank MENA Fund lost 0.77% (YTD -1.62%) while the IIAB Islamic MENA Fund gained 0.15% (YTD -5.80%). In turn, the AB MENA Feeder Fund lost 0.82% (YTD -2.09%) and the IIAB MENA Feeder Fund gained 0.10% (YTD -6.46%).

In regional indices, the Jordanian ASE General Index was the worst performer for the month as it shed 4.88% (YTD -12.40%), and with a comparably poor performance, Dubai's DFM Index dropped 4.16% (YTD -20.81). Furthermore, the Abu Dhabi Index lost -2.69% (YTD +8.45%), the Saudi Arabian TASI shed 2.58% (YTD +6.60%), and the Omani Index slipped 0.25% (YTD -13.48%). However, the Kuwaiti Premier Market Index gained 1.60% (11.8% since its introduction in April) and was the best performing index in the region. Among other advancing indices in the GCC is the Bahraini Index, which rose by 1.07% (YTD -0.22%) and the Qatari Index, which edged up by 0.62% (YTD +21.60%). In Egypt, the EGX30 gained 0.52% (YTD -11.32%).

The International Monetary Fund (IMF) said in its Autumn regional economic outlook report that growth in the GCC should reach 2.4% this year and 3% in 2019 as state investment projects increase. The IMF says Gulf economies are recovering but remain vulnerable to oil price volatility. The report encourages governments to maintain restraint on spending, diversify revenues away from oil, and allow greater space for the private sector to flourish (through privatization and public-private-partnerships).

In the same report mentioned above, the IMF sees Saudi Arabia's economy growing at 2.2% this year (after shrinking 0.9% in 2017) and 2.4% next year. The recovery in oil prices has helped improve outlook, however, some uncertainty remains as to the economic impact of the murder of Journalist Jamal Khashoggi, which has so far raised questions about the kingdom's ability to attract foreign direct investment. Meanwhile, the UAE is expected to grow this year by 2.9%, up from 0.8% last year, and 3.7% in 2019.

The IMF also released its forecast for GDP growth in Qatar. It expects growth to reach 3.1% in 2019 after rising to 2.4% in 2018 (from 1.6% in 2017). The rise in growth rate can be attributed to higher energy prices and the country's efforts to attract new investors and trade partners to overcome the effect of the diplomatic and trade boycott launched by the Saudi-led group of four Arab countries in 2017. Bahrain's real GDP is projected to grow by 3.2% this year, down from 3.8% in 2017, according to the IMF.

Furthermore, a report by Fitch Solutions predicted that Oman's economic growth will accelerate to 3.1% in 2019, up from 2.6% this year, while inflation is expected to accelerate to an average of 2.8% in 2018, up from 1% this year. The sultanate plans to introduce 5% VAT in 2019 and the country's interest rate and inflation are expected to rise in a manner similar to that of the UAE and Saudi Arabia, both of which implemented VAT in January this year.

In Jordan, the parliament passed an IMF-backed tax law to reduce public debt. The law is accompanied by a number of austerity measures meant to ease a fiscal crunch and spur stagnant growth. The Prime Minister had earlier warned members of the parliament that the kingdom would pay a heavy price if they failed to approve the legislation, including higher interest rates on its substantial foreign debt. The bill still needs to go to the upper house or senate for approval before it is enacted as law, and, if approved, is expected to be effective early next year.

In the commodities market, oil saw a drastic fall in price after OPEC's biggest producer Saudi Arabia expressed the need for oil producers to cut 1 million barrels a day, reversing a June decision to boost supply to contain a price rally. Brent Oil lost 22.21% (YTD -12.20%) and WTI Oil dropped 22.02% (YTD -15.71%) in November. By the last week of the month, Saudi Arabia was pumping as much as 11.2 million barrels a day, which is the highest since the kingdom first discovered oil 80 years ago. The country was responding to stronger-than-usual demand from clients anticipating a disruption in Iranian supplies by also using crude from domestic and overseas stockpiles to supplement supply.



A protected cell of the IIAB PCC Ltd

In other parts of the world, markets had mixed performances. European indices fell once again following last month's decline; the FTSE 100 lost 2.07% (YTD -9.20%), the French CAC 40 Index shed 1.76% (YTD -5.81%), and the German DAX Index went down by 1.66% (YTD -12.85%). At the same time, U.S. indices generally outperformed those of European markets, with the S&P 500 rising by 1.79% (YTD +3.24%) and the Dow Jones Industrial Average Index advancing 1.68% (YTD +3.31%). In Hong Kong, the Hang Seng Index gained 6.11% to reverse some of the losses it made for the year (YTD -11.41%), the Shanghai Composite inched down by 0.56% (YTD -21.74%), and the Japanese Nikkei Index appreciated by 1.96% (YTD -1.82%).

In support of U.S. market performance was the outcome of the U.S. mid-term elections, which did not produce any surprises, where Democrats regained control of the House and Republicans retained their majority in the Senate. Additionally, the Federal Open Market Committee (FOMC) kept interest rates unchanged at a range of 2.0% - 2.5% in its November statement, but signaled a possible hike in December.

We continue to tilt individual exposures towards overbeaten deep value positions, maintaining a fundamentally based approach, with a focus on expected dividend payouts in the next few months.

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 as 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.

