

IIAB MENA Feeder Fund

Performance Report 31.03.20

A protected cell of the IIAB PCC Ltd

NAV PER SHARE **\$4.93**

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

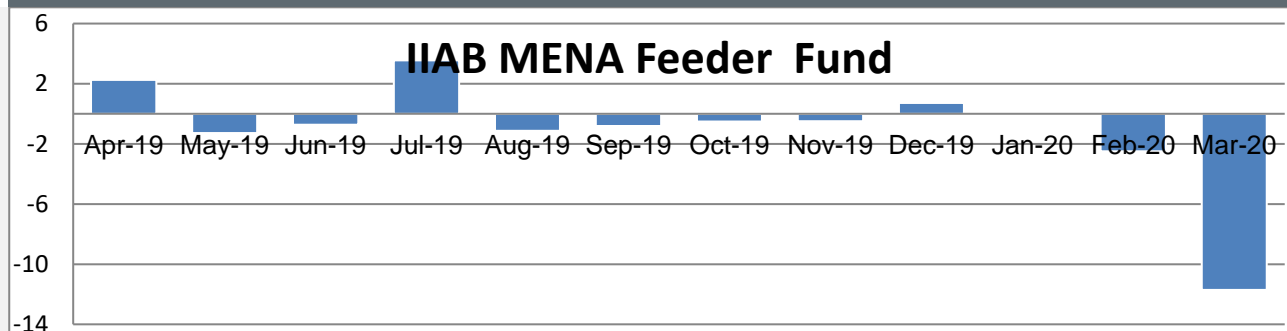
Domicile	Guernsey Channel Islands	Valuation point	Monthly, last business day of the month
Reference currency	USD	Minimum subscription	USD 25,000 & USD 1,000 thereafter
Fund assets	USD 2,501,811	Fund manager	AB Fund Managers (Guernsey) Ltd
		Investment advisor	Al Arabi Investment Group Co (AB Invest)
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													
2020	0.08	-2.49	-11.71										-13.84
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
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
IIAB Islamic MENA Fund (Master Fund)													
2020	0.15	-2.41	-11.50										-13.50
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

MONTHLY RETURN OVER THE PREVIOUS 12 MONTHS



PERFORMANCE STATISTICS (MASTER FUND)

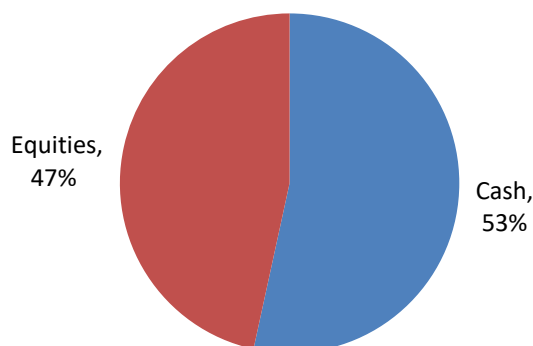
	Portfolio
Annualised return	-5.0%
Annualised volatility	13.9%
Sharpe ratio	NM
Maximum month	8.3%
Minimum month	-25.6%
% Positive months	50.7%
Worst 12 months	-72.3%
Best 12 months	88.9%

TOP TEN HOLDINGS (MASTER FUND)

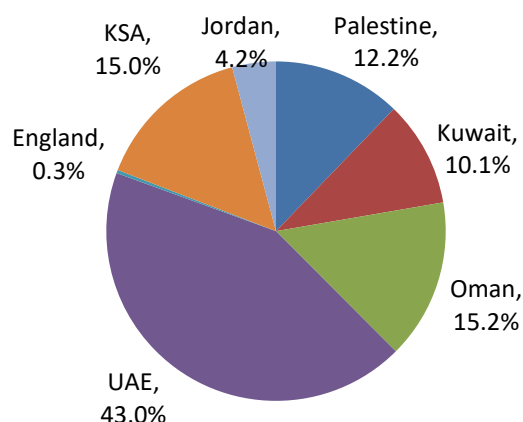
	Country	%
Aramex	UAE	7.71%
Dubai Islamic Bank	UAE	7.46%
Ooredoo	Oman	7.10%
Palestine Telecommunication	Palestine	5.69%
Emaar Properties	UAE	4.87%
Human Soft Holding	Kuwait	4.69%
Saudi Airlines Catering	KSA	3.85%
Savola Group	KSA	2.12%
Arab Pesticide And Veterinar	Jordan	1.94%
Herfy Food Services	KSA	1.01%



ASSET ALLOCATION (MASTER FUND)



GEOGRAPHIC ALLOCATION (MASTER FUND :EQUITIES)



COMMENTARY

MENA markets suffered a historic slump in March due to the Coronavirus effect and lower oil prices. The S&P Pan Arab Investable Index dropped 18.66% (YTD -24.85%), and the Dow Jones MENA Index fell by 18.96% (YTD -24.79%). The Dow Jones Islamic Market MENA Index decreased by 15.68% (YTD -21.77%).

In comparison, the Arab Bank MENA Fund retreated 16.49% (YTD -19.10%), and the IIAB Islamic MENA Fund declined by 11.50% (YTD -13.50%). The IIAB MENA Feeder Fund lost 11.71% (YTD -13.84%).

Assessing MENA indices individually, the Dubai Financial Market general index lost the most in March, declining 31.61% (YTD -35.93%), followed by the EGX 30 index in Egypt, which lost 26.25% (YTD -31.28%). The Abu Dhabi Index lost 23.80% (YTD -26.42%) while the Kuwait's Premier Market Index shed 22.76% (YTD -25.48%). Furthermore, Oman's MSM30 Index decreased 16.52% during the month (YTD -13.39%) and the Bahraini Index lost 18.66% (YTD -16.12%). Jordan's ASE General Index lost 9.14% (YTD -8.10%) and, in Qatar, the DSM Index dropped 13.52% (YTD -21.28%).

The onslaught of the Coronavirus outbreak continued to increase in March, with more than 1.5 million cases confirmed globally and over 87 thousand people known to have died from the disease. The World Health Organization has declared the outbreak a pandemic and is urging governments to step up the containment measures as the virus has spread to more than 190 countries around the world. Different countries are responding with different severity in containment measures, from forcing reduced working hours in businesses and urging social distancing to complete country lockdown. The negative impact on growth is primarily coming from disruption in business activity/supply chain, demand destruction, and tightening financial conditions. What is evident is that there is a sharp contraction in worldwide economic activity. The International Monetary Fund said it expects a global recession this year that will be at least as severe as the downturn during the financial crisis more than a decade ago in 2008, followed by a recovery in 2021. The Institute of International Finance projects a 1.5% contraction in the global economy this year, with advanced economies shrinking 3.3%.

Global markets reaction was correspondingly negative in March as some Indices faced their worst performance since 2008. In the U.S., the S&P 500 dropped 12.51% (YTD -20.0%) and the Dow Jones lost 13.74% (YTD -23.2%). While in Europe, the German DAX fell by 16.44% (YTD -25.01%), the French CAC 40 depreciated 17.21% (YTD -26.46%), and the FTSE 100 lost 13.81% (YTD -24.80%). In the Far East, the Nikkei Index shed 10.53% (YTD -20.04%), the Shanghai Composite Index lost 4.51% (YTD -9.83%), and the Hang Seng Index decreased by 9.67% (YTD -16.27%).

Continued swings in the market led volatility indices to appreciate higher. VIX rose 33.48% (YTD +288.53%) and Euro Stoxx 50 (VSTOXX) jumped 15.05% (YTD +248.21%).

To counter the contraction in economic activity many central banks are adopting an eased monetary policy in an aggressive way. Cutting interest rates, initiating quantitative easing, lowering bank reserve requirements, deferring taxes, and establishing swap lines to support the shortage of liquidity. In addition, an unprecedented fiscal measures are being pledged by many countries worldwide such as the USD5 trillion in new rescue spending pledged by the G20 countries and the passage of USD 2 trillion fiscal stimulus bill in the US by the congress.

In the commodities market, Brent prices fell 54.55% in March after a 12.5% decline in February (YTD -65.55%). WTI crude oil prices dropped 54.29% in March, after falling 13.19% the month before (YTD -66.46%). The massive decline in energy prices stems from declined global demand and huge oversupply.



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The huge oversupply came after Saudi Arabia and Russia failed to reach production agreement starting a price war. Furthermore the two countries are not seeking to hold diplomatic talks as the comments from the Saudi Energy Ministry dismissed any speculation that Riyadh and Moscow may be seeking diplomatic talks. From the demand side analysts see global demand for oil dropping this quarter, the first decline in a decade, as the coronavirus pandemic threatens to wipe out a fifth of global oil demand.

The crash in oil prices due to the failure of OPEC+ countries to agree on lower production levels and the significant disruption on economic activity from the Corona virus outbreak exacerbated the worldwide negative performance of markets.

We have maintained healthy positions of cash, to utilize peripheral short term trading opportunities, while enhancing fundamentally solid core positions.

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

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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.

