

IIAB MENA Feeder Fund

Performance Report 31.08.21

A protected cell of the IIAB PCC Ltd

NAV PER SHARE **\$5.76**

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

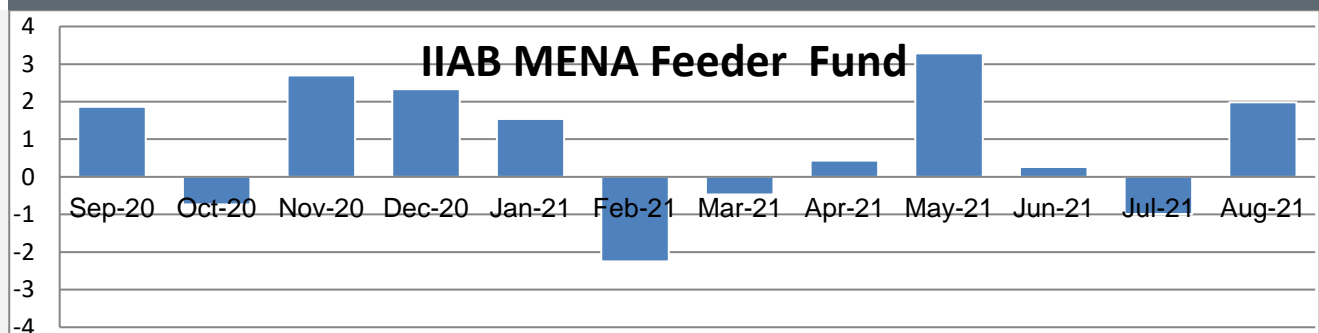
Domicile	Guernsey Channel Islands	Valuation point	Monthly, last business day of the month
Reference currency	USD	Minimum subscription	USD 25,000 & USD 1,000 thereafter
Fund assets	USD 2,978,941	Fund manager	AB Fund Managers (Guernsey) Ltd
		Investment advisor	Al Arabi Investment Group Co (AB Invest)
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	3.29	0.26	-0.99	1.98					3.66
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	3.29	0.32	-0.90	2.00					4.08
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)

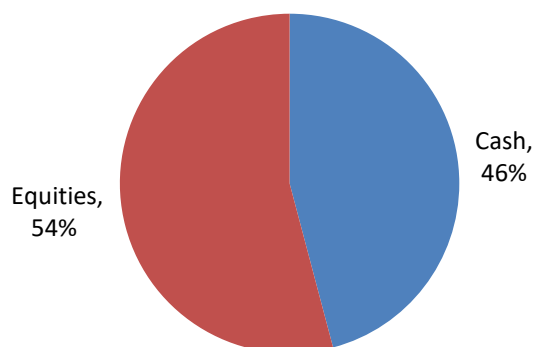
	Portfolio
Annualised return	-3.1%
Annualised volatility	13.4%
Sharpe ratio	NM
Maximum month	8.3%
Minimum month	-25.6%
% Positive months	52.2%
Worst 12 months	-72.3%
Best 12 months	94.1%

TOP TEN HOLDINGS (MASTER FUND)

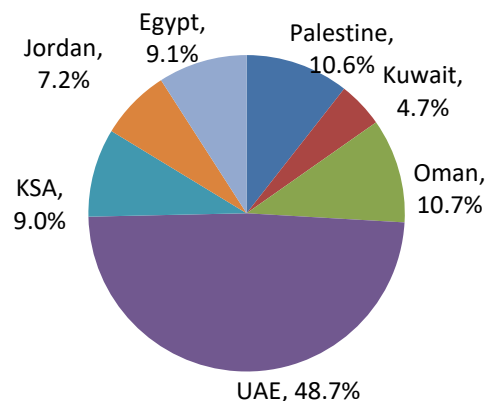
	Country	%
Aramex	UAE	9.79%
Dubai Islamic Bank	UAE	9.33%
Emaar Properties Company	UAE	7.26%
OOREDOO OMR	Oman	5.77%
Palestine Telecommunications Company	Palestine	5.73%
Saudi Airlines Catering	KSA	4.89%
Cairo Investment & Real Estate Development	Egypt	3.53%
Jordan Islamic Bank	Jordan	2.99%
Human Soft Holding Co	Kuwait	2.53%
Cairo Poultry Company	Egypt	1.39%



ASSET ALLOCATION (MASTER FUND)



GEOGRAPHIC ALLOCATION (MASTER FUND :EQUITIES)



COMMENTARY

Supported by gains in the heavyweight UAE and Saudi capital markets, MENA's benchmark indices recorded gains for an incredible tenth straight month. The S&P Pan Arab Investable Index was up 3.45% (YTD 23.67%), and the Dow Jones MENA Index was up by 3.64% (YTD 23.90%). The Arab Bank MENA Fund followed suit, gaining 2.75% (YTD 8.77%). The Dow Jones Islamic Market MENA Index equally ended the month of August in the green, recording gains of 2.84% (YTD 22.26%). The IIAB MENA Fund tracked the benchmark's gains, rising by 2.00% (YTD 4.08%). The IIAB MENA Feeder Fund consequently gained by 1.98% (YTD 3.66%).

The performance of the region's equity markets was predominantly positive for the month of August. The Abu Dhabi index was at the forefront of all advancers for the second straight month, the index has recorded gains of 5.01% (YTD 52.31%). It was followed by its neighbor the Dubai Financial Market index which gained 4.96% (YTD 16.49%). The Egyptian Stock Exchange and the Kuwait Premier Market index were next, recording gains of 3.74% (YTD 2.75%) and 3.73% (YTD 22.81%) respectively. The list of advancing markets were rounded up by Qatari Index, the Bahraini Index and the Saudi Arabian TASI which went up by 3.16% (YTD 6.29%), 3.03% (YTD 10.45%) and 2.78% (YTD 30.26%). On the other hand, the Omani Stock Exchange and Jordanian ASE index were this month's sole losers, falling by 1.58% (YTD 8.42%) and 1.24% (YTD 24.41%) respectively.

Global capital markets also had a positive month, all major indices were up bar one. The S&P 500 Index rose by 2.90% (YTD 20.40%) while the Dow Jones gained 1.22% (YTD 15.53%). In Europe, the French CAC 40 Index shot up 1.02% (YTD 20.33%), the German DAX surged 1.87% (YTD 15.43%) and the FTSE 100 rose 1.24% (YTD 10.20%). Asia recovered after two straight losing months. The Nikkei index shot up by 2.95% (YTD 2.35%), while the Hang Seng was the sole major global market to finish in the red, shedding 0.32% (YTD -4.97%) while the Shanghai Composite surged 4.31% (YTD 2.04%).

The highlight of the news cycle in August was the re-imposing of the US federal debt limit after Congress did not reach agreement to lift or suspend the ceiling by its 31 July statutory deadline. The US Treasury will now resort to a series of temporary accounting measures that the Treasury has used in the past to increase borrowing capacity under the debt limit, to meet its daily financing needs until Congress reaches an agreement. Although political brinkmanship may prolong negotiations, Moody's expects that the debt limit will ultimately be lifted or suspended, and that the US will continue to meet its debt-service obligations on time and in full. In the event that the debt limit is not raised, Moody's expects the Treasury to prioritize interest payments over other expenses to preserve the full faith and credit of the US government and avoid disruptions in the global financial markets.

In energy news, the International Energy Agency cut forecasts for global oil demand "sharply" for the rest of this year as the resurgent pandemic hits major consumers, and predicted a new surplus in 2022. It's a marked reversal for the Paris-based agency, which just a month ago was urging the OPEC+ alliance to open the taps or risk a damaging spike in prices. The oil cartel heeded calls to hike supply, which is now arriving just as consumption slackens.

In a report issued by Institute of International Finance (IIF), the Washington based association of global financial institutions estimated that Oil price recovery will result in big gains in terms of government revenues for key GCC countries such as Saudi Arabia, UAE, Kuwait and Qatar. GCC's aggregate current account surplus is projected to witness more than fivefold growth in 2021 to USD109 billion from USD20 billion in 2020. The IIF has projected GCC's hydrocarbon revenue to increase from USD221 billion in 2020 to USD326 billion in 2021. Non-resident capital inflows into GCC are projected to increase from USD123 billion in 2020 to USD148 billion in 2021 despite the lower financing needs by the sovereign, as the fiscal deficits narrow substantially.

We still see some room for advancement in MENA equity markets despite the incredible gains recorded year-to-date. There are many corners of the market yet to realize their fair value and are still overlooked, while the continued increase in commodity prices leads to higher valuations in other corners.



We continue to look for pockets of value and remain vigilant to any price movement in commodities that could provide us with an opportunity to invest in companies at depressed valuations.

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.

