

# IIAB MENA Feeder Fund

Performance Report 31.12.20

A protected cell of the IIAB PCC Ltd

**NAV PER SHARE** **\$5.67**

## 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

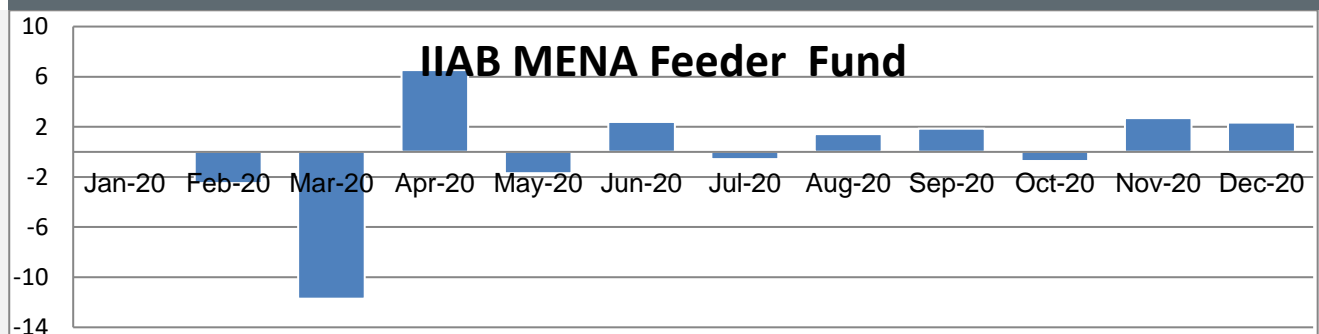
<b>Domicile</b>	Guernsey Channel Islands	<b>Valuation point</b>	Monthly, last business day of the month
<b>Reference currency</b>	USD	<b>Minimum subscription</b>	USD 25,000 & USD 1,000 thereafter
<b>Fund assets</b>	USD 2,873,740	<b>Fund manager</b>	AB Fund Managers (Guernsey) Ltd
		<b>Investment advisor</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>													
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
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
<b>IIAB Islamic MENA Fund (Master Fund)</b>													
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
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)

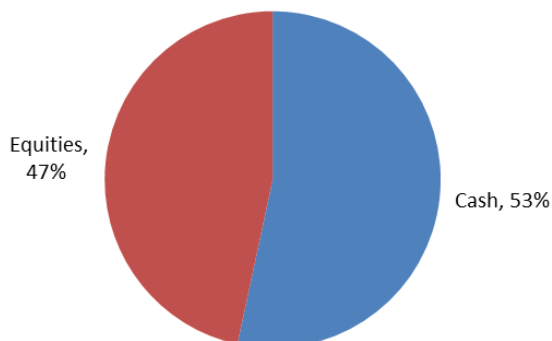
	Portfolio
Annualised return	-3.6%
Annualised volatility	13.7%
Sharpe ratio	NM
Maximum month	8.3%
Minimum month	-25.6%
% Positive months	51.6%
Worst 12 months	-72.3%
Best 12 months	94.1%

## TOP TEN HOLDINGS (MASTER FUND)

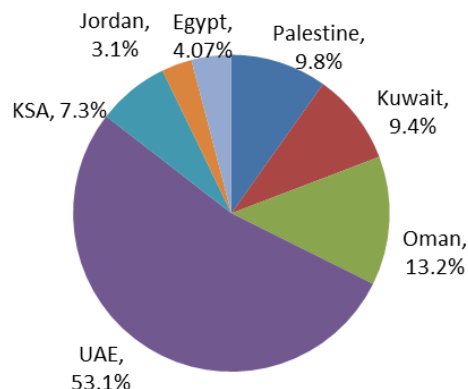
	Country	%
Aramex	UAE	9.27%
Dubai Islamic Bank	UAE	8.78%
Emaar Properties Company	UAE	6.72%
OOREDOO OMR	Oman	6.13%
Palestine Telecommunications Company	Palestine	4.58%
Human Soft Holding Co	Kuwait	4.37%
Saudi Airlines Catering	KSA	3.43%
Arab Pesticide and Veterinar	Jordan	1.45%
Cairo Poultry Company	Egypt	1.17%
Cairo Investment & Real Estate Development	Egypt	0.72%



### ASSET ALLOCATION (MASTER FUND)



### GEOGRAPHIC ALLOCATION (MASTER FUND :EQUITIES)



### COMMENTARY

It seems that the coronavirus news have been relegated to a mere footnote since, despite rising infection rates, equity markets have rallied in December to finish the year strongly. The S&P Pan Arab Investable Index gained 1.09% (YTD -3.58%), and the Dow Jones MENA Index was up by 1.14% (YTD -3.92%). Consequently, the Arab Bank MENA Fund outperformed its benchmark indices, gaining 3.45% (YTD -0.52%). On the Sharia-compliant front, the Dow Jones Islamic Market MENA Index also posted gains rising by 1.12% (YTD 2.58%). As a result, the IIAB MENA Fund gained 2.36% (YTD -0.32%). Consequently, the IIAB MENA Feeder Fund was up by 2.33% (YTD -1.03%).

Most of the region's capital markets recorded gains during the month. The Jordanian Stock Exchange topped the list of gainers by surging 5.32% (YTD -8.70%). On the other hand the Egyptian Stock Exchange dropped 0.90% (YTD -22.32%) followed by the Saudi Arabian TASI index which lost 0.66% (YTD 3.58%), marking the region's sole losers for December. Capital markets that recorded gains however were rounded by the Dubai Financial Market which gained 2.99% (YTD -9.87%) followed by the Doha Stock Exchange and the Abu Dhabi Stock Exchange which gained 1.69% (YTD 0.10%) and 1.62% (YTD -0.60%) respectively. The list was smoothed up by the Bahraini Market and Kuwait Premier Market, edging up by 0.83% (-7.48%) and 0.71% (YTD -13.62%) respectively, while the Omani Capital Market inched up by 0.42% (YTD -7.48%).

Global capital markets have also finished the year strong, with major indices posting unanimous gains. In the U.S. the S&P 500 Index continued its push to new historical highs, gaining 3.71% (YTD 16.26%) in December. The Dow Jones meanwhile was up by 3.27% (YTD 7.25%). Similarly, exchanges in Europe also witnessed gains despite dire coronavirus infections. The French CAC 40 Index recorded monthly gains of 0.60% (YTD -7.14%), and the German DAX was up by 3.22% (YTD 3.55%). The FTSE 100 also shot up by 3.10% (YTD -14.34%) buoyed by the finalization of a Brexit trade deal with the EU. In Asia, the Hang Seng advanced by 3.38% (YTD -3.40%), and the Shanghai Composite was up by 2.40% (YTD 13.87%). Finally the Nikkei was up by 3.82% (YTD 16.01%) recording the highest year-end close since 1989.

During the month of December Dubai announced an expansionary budget for 2021. Dubai's government expects to spend AED57.1 billion (USD15.5 billion) next year as it tries to mitigate the impact of the coronavirus. More spending was needed as the United Arab Emirates will likely suffer a deeper economic contraction in 2020 than previously estimated, hurt by disruptions caused by the coronavirus pandemic and lower oil prices. Gross domestic product in the Arab world's second-largest economy is estimated to shrink about 6% in 2020, compared with a previous forecast for a decline of 5.2%, the central bank said in its quarterly review.

Also in Saudi Arabia the spending plans for next year would be expansionary, as it leans more heavily on government-controlled funds to make up for cuts to a finance ministry budget battered by a decline in oil prices and the coronavirus pandemic. The kingdom will stick to its plan to cut spending by 7.3% in 2021 after its deficit widened dramatically this year, according to the annual budget statement.

In a year where equity markets were expected to be battered by the coronavirus' global spread and associated lockdowns an extraordinary thing happened. Quantitative easing measures enacted by governments including significantly slashing interest rates and pumping stimulus money into economies limited equity market losses and in some cases pushed them to new all-time highs. This presented an opportunity for our fund to take advantage of mispriced stocks aided by our ample cash reserves to end the year only slightly down YoY.

Our flagship AB MENA fund has outperformed its benchmarks by a wide margin while our IIAB MENA fund ended the year almost flat through our cautious, value-driven strategy which prioritizes investment in low-volatility high quality equities. We continue to carry this strategy into the new year as we still see multiple opportunities in the region's equity markets. We aim to provide our investors with highest return achievable without compromising on our low risk targets.



### 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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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.

