

IIAB MENA Feeder Fund

Performance Report 31.01.22

A protected cell of the IIAB PCC Ltd

NAV PER SHARE **\$6.01**

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

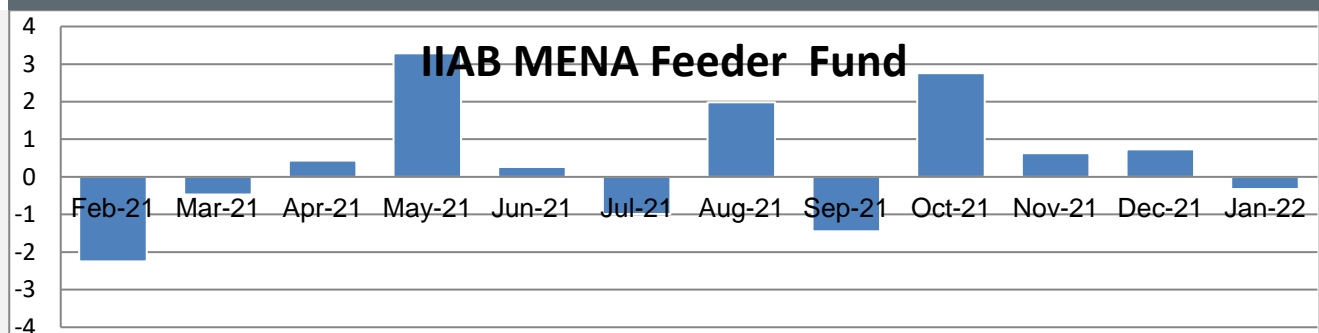
Domicile	Guernsey Channel Islands	Valuation point	Monthly, last business day of the month
Reference currency	USD	Minimum subscription	USD 25,000 & USD 1,000 thereafter
Fund assets	USD 3,048,460	Fund manager	AB Fund Managers (Guernsey) Ltd
		Investment advisor	Al Arabi Investment Group Co (AB Invest)
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													
2022	-0.32												-0.32
2021	1.51	-2.25	-0.47	0.38	3.29	0.26	-0.99	1.98	-1.45	2.76	0.63	0.73	6.42
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
IIAB Islamic MENA Fund (Master Fund)													
2022	-0.25												-0.25
2021	1.54	-2.15	-0.40	0.43	3.29	0.32	-0.90	2.00	-1.36	2.76	0.67	0.77	7.02
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

MONTHLY RETURN OVER THE PREVIOUS 12 MONTHS



PERFORMANCE STATISTICS (MASTER FUND)

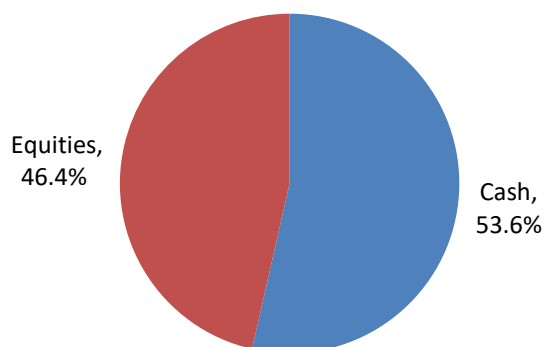
	Portfolio
Annualised return	-2.9%
Annualised volatility	13.2%
Sharpe ratio	NM
Maximum month	8.3%
Minimum month	-25.6%
% Positive months	52.4%
Worst 12 months	-72.3%
Best 12 months	94.1%

TOP TEN HOLDINGS (MASTER FUND)

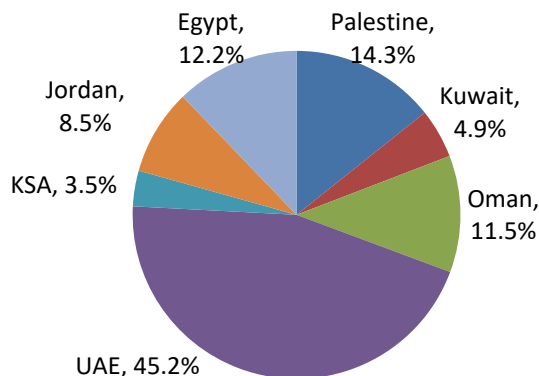
	Country	%
Dubai Islamic Bank	UAE	10.98%
Emaar Properties Company	UAE	7.28%
Palestine Telecommunications Company	Palestine	6.63%
OOREDOO OMR	Oman	5.34%
Cairo Investment & Real Estate Development	Egypt	3.68%
Jordan Islamic Bank	Jordan	3.01%
Al Yah Satellite Communications Company	UAE	2.69%
Human Soft Holding Co	Kuwait	2.26%
Cairo Poultry Company	Egypt	1.98%
Saudi Airlines Catering	KSA	1.63%



ASSET ALLOCATION (MASTER FUND)



GEOGRAPHIC ALLOCATION (MASTER FUND :EQUITIES)



COMMENTARY

MENA equity markets began 2022 on a high, buoyed by multi-year high levels of oil prices and new government measures aimed at improving the business climate. The S&P Pan Arab Investable Index gained 6.27%, and the Dow Jones MENA Index was up by 6.12%.

The Arab Bank MENA Fund on the other hand was up 0.12%. On the Sharia-compliant front, the Dow Jones Islamic Market MENA Index has followed suit, rising by 5.54%. The IIAB MENA Fund though shed 0.25%. The IIAB MENA Feeder Fund consequently fell by 0.32%.

All of the region's capital markets recorded gains during the month bar two. The Saudi Arabian TASI led the charge surging by 8.78%, followed closely by the Doha Stock Exchange which shot up 7.50%, while the Kuwait Premier Market came in third place, gaining 4.89%.

The Abu Dhabi Stock Exchange, Jordanian ASE, Bahraini Index and Dubai Financial Market rounded the list of advancing indices, going up by 2.54%, 2.18%, 0.70% and 0.22% respectively. On the other end, the Egyptian Stock Exchange and the Omani Capital Market have both ended the month in the red, falling by 3.84% and 0.33% respectively.

Global capital markets on the other hand were hit hard in January, as the shadow of looming consecutive interest rate hikes in the US hammered equity capital markets around the globe. In the U.S., the S&P 500 Index shed 5.26%. The Dow Jones meanwhile was also down 3.32%. In Europe, indices were also mostly negative to close the month. The French CAC 40 Index fell 2.15% and the German DAX was down by 2.60%, while the FTSE 100 bucked the trend, gaining 1.08%. Asian market were a mixed bag. The Hang Seng advanced by 1.73%, while the Shanghai Composite shed a whopping 7.65% and the Nikkei index fell by 6.22%.

The United Arab Emirates (UAE) said it would introduce a federal corporate tax on business profits for the first time starting from June 1, 2023, although it kept the rate low, at 9%, to maintain its attractiveness for businesses. The Gulf Arab oil exporter, a magnet for the globe's ultra-rich, has long benefited from its tax-free status to carve out a role as an international commercial, energy and tourism hub. Much of this tax-free regime, including no personal income tax, remains. But the Finance Ministry said it was launching corporate tax to align with international efforts to combat tax avoidance, as well as to address challenges arising from the digitalization of the global economy.

US consumer prices soared last year by the most in nearly four decades, sapping the purchasing power of American families and setting the stage for the Federal Reserve to begin hiking interest rates as soon as March. The consumer price index climbed 7% in 2021, the largest 12-month gain since June 1982, according to Labor Department data. The widely followed inflation gauge rose 0.5% from November, exceeding forecasts.

In energy news global oil demand has proven stronger than expected as the latest coronavirus variant inflicts a softer hit to the economy than anticipated, the International Energy Agency said. Crude prices have rallied this year, as fuel use proves resilient while supplies suffer a range of setbacks from North America to Libya and Kazakhstan.

The year 2022 comes with a number of uncertainties. Chief among them are high inflation rates across the globe and the imminent interest rate hikes by central banks to combat them, the supply chain issues which plague global trade and the state of the coronavirus' spread and measures to combat it. This is why we remain cautious and remain holders of high cash levels in our portfolios.

We continue to have a high conviction for investment in MENA equity markets, more so on our portfolio holdings, and believe the elevated prices on oil will benefit the mostly hydrocarbon-rich region and support their equity markets in the short to medium term.



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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