

IIAB Islamic MENA Fund

Performance Report 31.03.22

A Fund created by IIAB Islamic MENA Fund Company B.S.C. (Closed)

NAV PER SHARE

\$6.79

OBJECTIVE OF THE 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

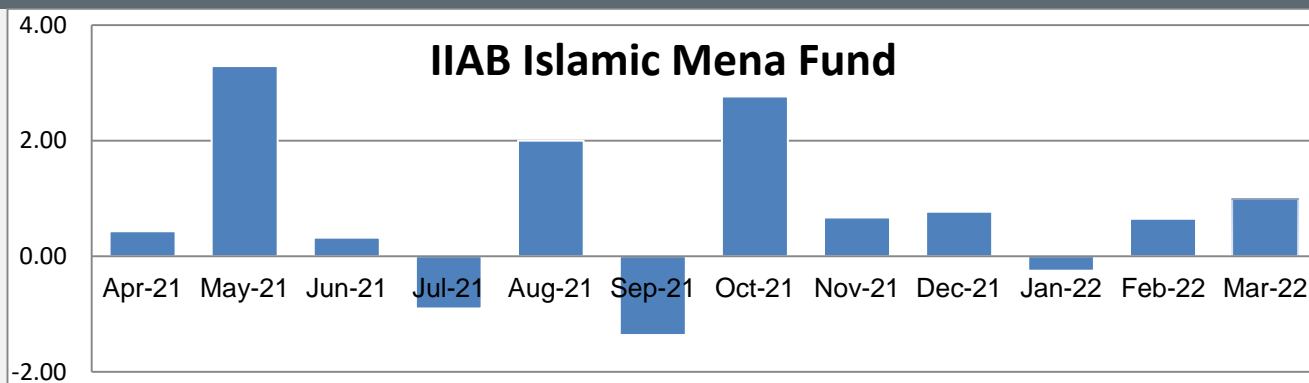
| | | | |
|---------------------------|-----------------------|-----------------------------|---|
| Domicile | Kingdom of Bahrain | Valuation point | Monthly, last business day of the month |
| Reference currency | USD | Minimum subscription | USD 25,000 & 100 units thereafter |
| Fund assets | USD 6,930,085 | Investment manager | Al Arabi Investment Group Co (AB Invest) |
| Administrator | Gulf Clearing Company | Dealing frequency | Monthly, 4 business days prior to month end |
| Launch date | 28 February 2008 | BBG code | IIABISL BI EQUITY |

MONTHLY PERFORMANCE (%)

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
|-------------------------------|-------|-------|--------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| IIAB Islamic MENA Fund | | | | | | | | | | | | | |
| 2022 | -0.25 | 0.65 | 0.99 | | | | | | | | | | 1.39 |
| 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 |
| 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 |

Important note: The first NAV for the Fund was issued in April 08.

MONTHLY RETURN OVER THE PREVIOUS 12 MONTHS



RETURN PERCENTAGES

| | | | | | |
|----------|-------|-----------|-------|-----------------|---------|
| 1 month | 0.99% | 3 months | 1.39% | Since inception | -32.08% |
| 6 months | 5.69% | 12 months | 9.65% | | |

PERFORMANCE STATISTICS

| | Portfolio |
|-----------------------|-----------|
| Annualised return | -2.7% |
| Annualised volatility | 13.2% |
| Sharpe ratio | NM |
| Maximum month | 8.3% |
| Minimum month | -25.6% |
| % Positive months | 53.0% |
| Worst 12 months | -72.3% |
| Best 12 months | 94.1% |

TOP TEN HOLDINGS

| | Country | % |
|--|-----------|--------|
| Dubai Islamic Bank | UAE | 10.91% |
| Emaar Properties Company | UAE | 7.66% |
| Palestine Telecommunications Company | Palestine | 6.46% |
| OORED00 OMR | Oman | 4.82% |
| Aramex | UAE | 3.68% |
| Cairo Investment & Real Estate Development | Egypt | 3.65% |
| Jordan Islamic Bank | Jordan | 2.87% |
| Al Yah Satellite Communications Company | UAE | 2.75% |
| Human Soft Holding Co | Kuwait | 2.30% |
| Cairo Poultry Company | Egypt | 1.73% |

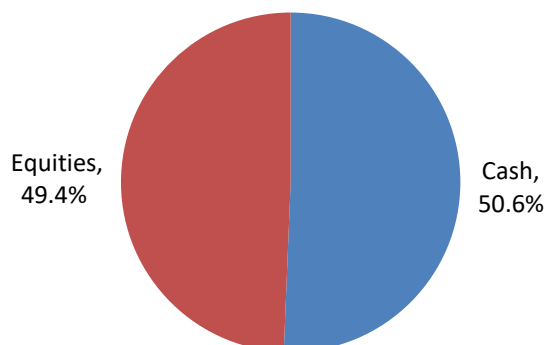


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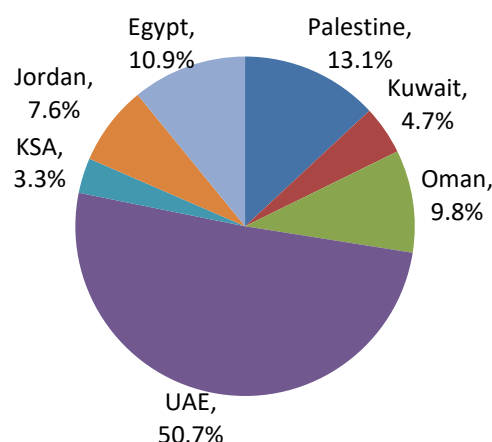
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ASSET ALLOCATION



GEOGRAPHIC ALLOCATION (EQUITIES)



COMMENTARY

MENA markets continue to swim against the tide and in the face of any adversity caused by spiraling inflation rates and the Russian invasion of Ukraine. In part due to record oil prices, MENA equities notched another positive month. The S&P Pan Arab Investable Index surged 4.50% (YTD 13.70%), and the Dow Jones MENA Index was up by 4.38% (YTD 13.97%). On the other hand, the Arab Bank MENA Fund rose 1.90% (YTD 3.52%). The Dow Jones Islamic Market MENA Index mimicked its conventional equivalent, gaining 4.90% (YTD 15.14%). The IIAB MENA Fund also gained 0.99% (YTD 1.39%). The IIAB MENA Feeder Fund consequently was up by 0.95% (YTD 1.25%).

The region's capital markets were all up during the month of March as a consequence of higher energy prices. The Kuwait Premier Market Index was the top performer, gaining an incredible 8.91% (YTD 18.62%) followed closely by the Abu Dhabi index which has gone up by 6.75% (YTD 17.20%). The Bahraini index, Dubai Financial Market and the Qatari index were next in line, gaining 5.60% (YTD 15.37%), 5.13% (YTD 10.35%) and 4.51% (YTD 16.41%) respectively. The rest of the region's capital markets performances were as follows; the Saudi Arabian TASI was up by 3.97% (YTD 16.03%), the Jordanian ASE index gained 3.71% (YTD 5.17%), the Omani stock exchange which was up 3.69% (YTD 1.83%) and the Egyptian Stock Exchange which crept up 0.89% (YTD -5.95%).

Global capital markets also mostly recovered after the battering it endured last month in the aftermath of the Russian invasion of Ukraine. In the U.S., the S&P 500 Index surged by 3.58% (YTD -4.95%) while the Dow Jones gained 2.32% (YTD -4.57%). In Europe, all major indices were mostly flat. The French CAC 40 Index has gone up by 0.02% (YTD -6.89%), the German DAX shed 0.32% (YTD -9.25%) and the FTSE 100 gained 0.77% (YTD 1.78%). In Asia, Chinese Indices suffered due to lockdowns imposed in the wake of COVID outbreaks, the Hang Seng falling by 3.15% (YTD -5.99%) and the Shanghai Composite shed 6.07% (YTD -10.65%). Meanwhile, the Nikkei surged by 4.88% (YTD -3.77%).

In major news for the month of March, the Federal Reserve raised interest rates by a quarter percentage point and signaled hikes at all six remaining meetings this year, launching a campaign to tackle the fastest inflation in four decades even as risks to economic growth mount. Policy makers led by Chair Jerome Powell voted 8-1 to lift their key rate to a target range of 0.25% to 0.5%, the first increase since 2018, after two years of holding borrowing costs near zero to insulate the economy from the pandemic. The decision was made after US consumer price gains accelerated in February to a fresh 40-year high on rising gasoline, food and housing costs, with inflation poised to rise even further following Russia's invasion of Ukraine. The consumer price index jumped 7.9% from a year earlier following a 7.5% annual gain in January, Labor Department data showed.

Staying in the US, the Senate passed a full year USD1.5 trillion federal funding bill that wards off a possible government shutdown while also providing Ukraine with aid to respond to the Russian invasion of its territory. A bipartisan sense of urgency to approve the USD13.6 billion for humanitarian and security aid in response to Russia's attack led to an overwhelming 68 to 31 vote on the legislation. The measure, which passed the House, heads to President Joe Biden's desk for his signature.

In regional news, Saudi Arabia's economy continued to improve in the fourth quarter of 2021 on the back of high oil prices and strong domestic demand. The country's gross domestic product (GDP) jumped by 6.7% during the quarter compared to the same period in 2020. The growth was to a large extent due to the high increase in oil activities, which grew by 10.9% year-on-year, according to the General Authority for Statistics (GASTAT). Non-oil activities also increased strongly by 5.1%, while government activities expanded by 2.4%.

Meanwhile, Saudi Arabia made a USD5 billion deposit in Egypt's central bank, making it the latest Gulf state to support the economy of the North African country. It is part of the kingdom's efforts to support Egypt's economy, according to state-run Saudi Press Agency. A major food importer, Egypt has been hit hard by record grain prices fueled by the Russian invasion of Ukraine. One of the Middle East's most indebted nations, it buys most of its wheat from the two countries currently at war, while Russian visitors previously made up a significant portion of its tourism market.



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Dubai's main power and water company almost tripled the size of its initial public offering to as much as \$5.7 billion, setting it up to be the largest listing in Europe and the Middle East in more than two years. The city is seeking to take advantage of strong investor interest for new share offerings in the region. Dubai Electricity & Water Authority is owned by the emirate's government and will now sell 8.5 billion shares, up from the 3.25 billion initially planned. The new offer represents a 17% stake and the deal could raise as much as AED21 billion.

Equity markets in MENA continue to reach record highs as inflation rates and the war in Ukraine seem to have created a commodity supercycle which has greatly benefitted a region with an abundance of commodities. Looking forward, we remain cautious to the effect an ending to the war might bring about, in addition to the consecutive interest rate hike which should cool asset prices.

We continue to selectively sell on strength and reallocate into overbeaten markets, and maintain healthy cash positions in anticipation of the cooling off cycle at which point we will begin to build positions at discounted prices. This is expected to provide our investors with the optimal long term returns for their investment.

INVESTMENT METHODOLOGY & EDGE

AB Invest is one of the most experienced and fastest growing MENA investment managers operating out of Jordan. AB Invest provides its clients with a number of MENA-focused investment solutions on conventional and Sharia-compliant bases. Our investment process is based on rigorous fundamental analysis with a view on delivering superior risk-adjusted returns, using a combination of top-down and bottom-up approaches. Our deep knowledge of the markets in which we invest allows us to deliver consistent returns while prudently managing risk.

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.

IIAB Islamic MENA Fund is a Fund created and sponsored by the IIAB Islamic MENA Fund Company B.S.C. (Closed) and is an open-ended investment Fund registered under the Laws of the Kingdom of Bahrain.

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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.

