

IIAB MENA Feeder Fund

Performance Report 28.02.23

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

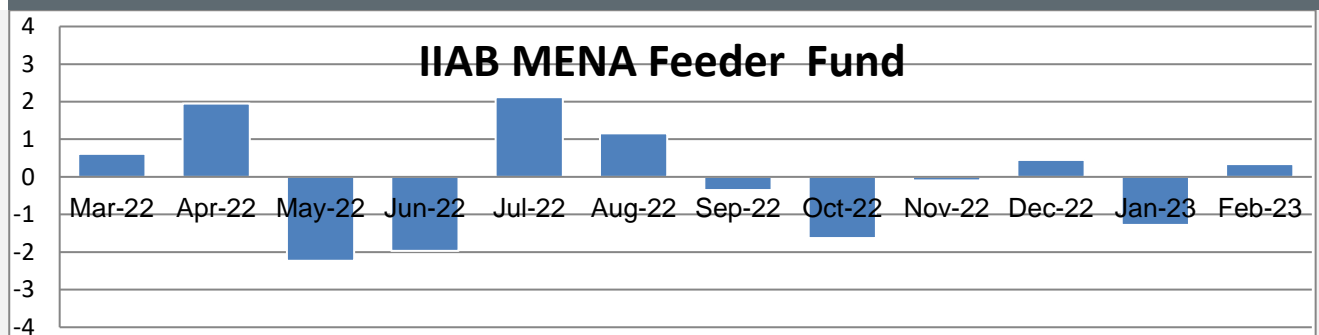
Domicile	Guernsey Channel Islands	Valuation point	Monthly, last business day of the month
Reference currency	USD	Minimum subscription	USD 25,000 & USD 1,000 thereafter
Fund assets	USD 3,003,553	Fund manager	AB Fund Managers (Guernsey) Ltd
		Investment advisor	Al Arabi Investment Group Co (AB Invest)
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													
2023	-1.28	0.34											-0.94
2022	-0.32	0.61	0.95	1.95	-2.23	-1.97	2.12	1.16	-0.35	-1.63	-0.09	0.45	0.54
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
IIAB Islamic MENA Fund (Master Fund)													
2023	-1.26	0.42											-0.85
2022	-0.25	0.65	0.99	1.95	-2.12	-1.87	2.29	1.27	-0.31	-1.63	-0.02	0.54	1.37
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

MONTHLY RETURN OVER THE PREVIOUS 12 MONTHS



PERFORMANCE STATISTICS (MASTER FUND)

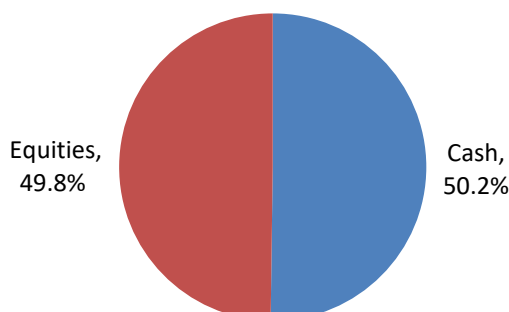
	Portfolio
Annualised return	-2.6%
Annualised volatility	12.8%
Sharpe ratio	NM
Maximum month	8.3%
Minimum month	-25.6%
% Positive months	52.5%
Worst 12 months	-72.3%
Best 12 months	94.1%

TOP TEN HOLDINGS (MASTER FUND)

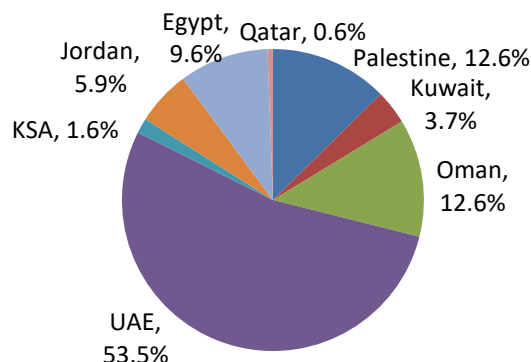
	Country	%
Dubai Islamic Bank	UAE	10.69%
Emaar Properties Company	UAE	6.96%
Palestine Telecommunications Company	Palestine	6.29%
OOREDOO OMR	Oman	6.28%
Aramex	UAE	3.73%
Cairo Investment & Real Estate Development	Egypt	3.02%
Al Yah Satellite Communications Company	UAE	2.77%
Dubai Electricity & Water AU	UAE	2.46%
Jordan Islamic Bank	Jordan	2.19%
Human Soft Holding Co	Kuwait	1.82%



ASSET ALLOCATION (MASTER FUND)



GEOGRAPHIC ALLOCATION (MASTER FUND :EQUITIES)



COMMENTARY

MENA equity markets have slumped in the second month of 2023 as weak corporate earnings, especially in the Saudi petrochemical sector, have led indices downwards and soured investor sentiment. The S&P Pan Arab Investable Index shed 3.20% (YTD -2.17%), and the Dow Jones MENA Index was down by 3.45% (YTD -2.33%). The Arab Bank MENA Fund on the other hand was up 0.68% (YTD -0.68%). On the Sharia-compliant front, the Dow Jones Islamic Market MENA Index has also finished the month in the red, falling by 3.08% (YTD 0.33%). The IIAB MENA Fund outperformed for the month on a relative basis, gaining 0.42% (YTD -0.85%). The IIAB MENA Feeder Fund consequently gained 0.34% (YTD -0.94%).

Most of the region's capital markets recorded gains during the month, but major losses in the heavyweight Saudi Tadawul index dragged the index down. The Dubai Financial Market recorded the most gains amongst all MENA markets, rising by 4.07% (YTD 3.05%), followed by the Egyptian Stock Exchange which was up 3.38% (YTD 16.46%) on a nominal basis. The list of gainers was rounded up by the Omani Capital Market, the Abu Dhabi Stock Exchange and the Bahraini Index which rose by 1.06% (YTD -2.14%), 0.34% (YTD -3.59%) and 0.19% (YTD 1.93%) respectively. On the other end, the list of losers was spearheaded by the Saudi Arabian TASI which shed 6.39% (YTD -3.59%). It was followed by the Doha Stock Exchange which dropped 3.30% (YTD -1.03%), the Jordanian ASE which fell by 0.80% (YTD 6.14%), and finally the Kuwait Premier Market which was down by 0.19% (YTD -0.57%).

Global capital markets on the other hand were a mixed bag, as interest rate bumps in the US and hints of higher peak rates dragged down major indices, while in Europe investor confidence soared. In the U.S., the S&P 500 Index shed 2.61% (YTD 3.40%), the Dow Jones meanwhile was down 4.19% (YTD -1.48%). In Europe, the French CAC 40 Index rose 2.62% (YTD 12.27%) and the German DAX was up by 1.57% (YTD 10.35%). Meanwhile, the FTSE 100 gained 1.35% (YTD 5.70%). Asian markets were mostly up, but while the Shanghai Composite and the Nikkei indices were up by 0.74% (YTD 6.16%) and 0.43% (YTD 5.18%) respectively, the Shanghai Composite lost 9.41% (YTD 0.02%).

In February's marquee news, Federal Reserve Chair Jerome Powell said policymakers expect to deliver a couple more interest-rate increases before putting their aggressive tightening campaign on hold, even as they slowed their drive to curb inflation. Powell and his colleagues lifted the Fed's target for its benchmark rate by a quarter percentage point to a range of 4.5% to 4.75%. The smaller move followed a half-point increase in December and four jumbo-sized 75 basis-point hikes prior to that. Still, investors took heart from the chair's remarks acknowledging that price pressures have started to ease, despite his emphasis on the Fed's outlook for more rate hikes.

In regional news, Egypt revived a stalled plan to sell stakes in state-run companies, including two military-affiliated firms, as part of a drive to revamp a battered economy and secure much-needed foreign currency. Under the program, the government will offer stakes in 32 firms in a variety of sectors, ranging from banking and oil to real estate, insurance and ports, Prime Minister Mostafa Madbouly told reporters. The move is billed as a key part of Egypt's broader push to reform an economy tipped into crisis by Russia's invasion of Ukraine, which sent food and energy prices soaring. The potential sales are being closely watched by investors after Egypt's three currency devaluations in the past year indicated an effort to reverse years of economic and fiscal missteps. The devaluation helped the country, one of the Middle East's most indebted, secure a USD3 billion IMF program that, in turn, is expected to unlock billions of dollars more in funding.

Furthermore, investors snapped up all available shares within hours of the start of Adnoc Gas's USD2 billion initial public offering, showing that demand for Middle Eastern stock sales remains strong. Abu Dhabi National Oil Co. sold a 4% stake in Adnoc Gas, with each of the 3.07 billion shares offered at AED2.37. The company will be one of the world's largest listed gas firms and roughly on a par with Eni SpA and Occidental Petroleum Corp. It was the biggest IPO so far this year.

In only its second month, the year 2023 has proved turbulent with a lot of potential hazards to navigate and opportunities to seize. We continue to have a high conviction for investment in MENA equity markets, more so on our portfolio holdings, and believe the still elevated prices on oil and energy will benefit the mostly hydrocarbon-rich region and support their equity markets in the short to medium terms.



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.

