

IIAB MENA Feeder Fund

Performance Report 31.01.23

A protected cell of the IIAB PCC Ltd

NAV PER SHARE **\$5.99**

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

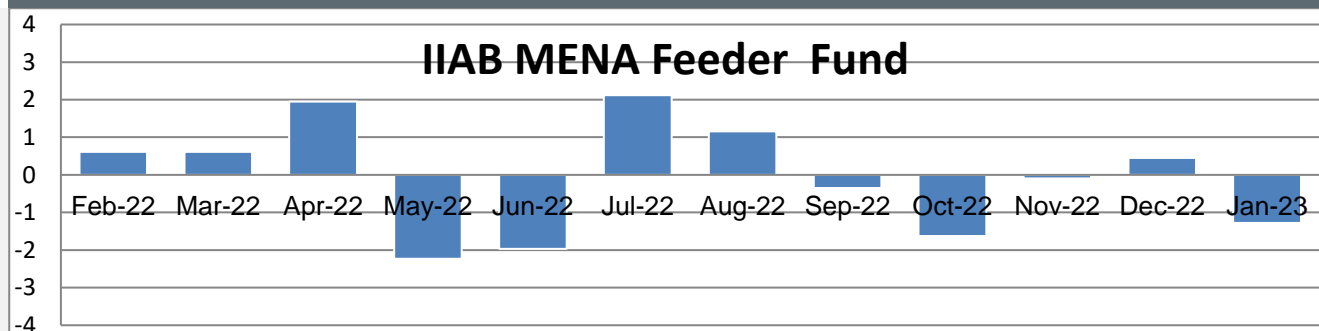
Domicile	Guernsey Channel Islands	Valuation point	Monthly, last business day of the month
Reference currency	USD	Minimum subscription	USD 25,000 & USD 1,000 thereafter
Fund assets	USD 2,993,255	Fund manager	AB Fund Managers (Guernsey) Ltd
		Investment advisor	Al Arabi Investment Group Co (AB Invest)
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												-1.28
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												-1.26
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)

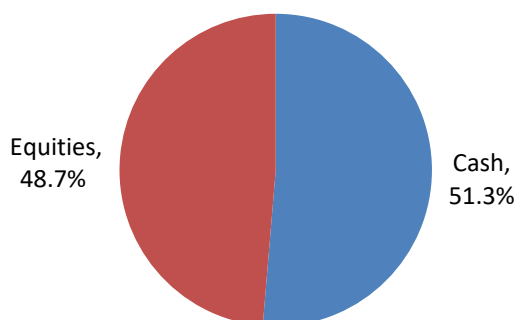
	Portfolio
Annualised return	-2.7%
Annualised volatility	12.8%
Sharpe ratio	NM
Maximum month	8.3%
Minimum month	-25.6%
% Positive months	52.2%
Worst 12 months	-72.3%
Best 12 months	94.1%

TOP TEN HOLDINGS (MASTER FUND)

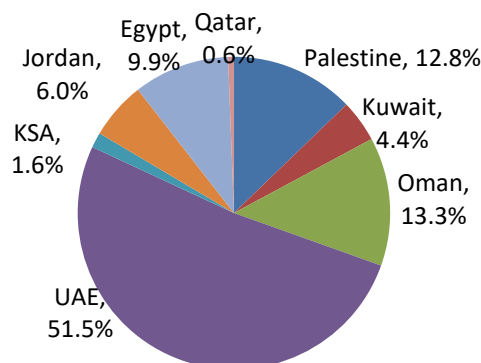
	Country	%
Dubai Islamic Bank	UAE	10.38%
OOREDOO OMR	Oman	6.48%
Palestine Telecommunications Company	Palestine	6.23%
Emaar Properties Company	UAE	5.78%
Aramex	UAE	3.76%
Cairo Investment & Real Estate Development	Egypt	3.26%
Al Yah Satellite Communications Company	UAE	2.67%
Dubai Electricity & Water AU	UAE	2.46%
Jordan Islamic Bank	Jordan	2.17%
Human Soft Holding Co	Kuwait	2.12%



ASSET ALLOCATION (MASTER FUND)



GEOGRAPHIC ALLOCATION (MASTER FUND :EQUITIES)



COMMENTARY

MENA equity markets began 2023 on a high, buoyed by multi-year high levels of oil prices and an easing in inflation which signals the end of the interest rate raises cycle. The S&P Pan Arab Investable Index gained 1.07%, and the Dow Jones MENA Index was up by 1.16%. The Arab Bank MENA Fund on the other hand was down 1.36% due to the devaluation of the Egyptian pound. On the Sharia-compliant front, the Dow Jones Islamic Market MENA Index has also shot up, rising by 3.52%. The IIAB MENA Fund though shed 1.26%. The IIAB MENA Feeder Fund consequently fell by 1.28%.

Most of the region's capital markets recorded gains during the month. The Egyptian Stock Exchange led the charge, surging by 12.66% as the EGP's devaluation buoyed the market. It was followed by the Jordanian ASE which shot up 6.99%, while the Saudi Arabian TASI came in third place, gaining 3.00%. The Doha Stock Exchange and the Bahraini Index rounded the list of advancing indices, going up by 2.35% and 1.74% respectively. On the other end, the Abu Dhabi Stock Exchange, the Omani Capital Market, the Dubai Financial Market and the Kuwait Premier Market have ended the month in the red, falling by 3.91%, 3.17%, 0.98% and 0.37% respectively.

Global capital markets on the other hand were unanimously up in January, as the shadow of interest rate hikes in the US slowly recedes, jumpstarting equity capital markets around the globe. In the U.S., the S&P 500 Index surged 6.18%. The Dow Jones meanwhile was also up 2.83%. In Europe, indices were also positive to close the month. The French CAC 40 Index jumped 9.40% and the German DAX was up by 8.65%, while the FTSE 100 gained 4.29%. Asian market also gained spurred by the cancelation of COVID restrictions by China. The Hang Seng advanced by 10.42%, while the Shanghai Composite gained 5.39% and the Nikkei index went up by 4.72%.

In January's top news, the International Monetary Fund raised its global economic growth outlook for the first time in a year, with resilient US spending and China's reopening buttressing demand against a litany of risks. Gross domestic product will likely expand 2.9% in 2023, 0.2% more than forecast in October. In the US, inflation continued to slow in December, adding to evidence price pressures have peaked and putting the Federal Reserve on track to again slow the pace of interest-rate hikes. The overall consumer price index fell 0.1% from the prior month, with cheaper energy costs fueling the first decline in 2 1/2 years, according to a Labor Department report.

In MENA, the Egyptian pound plunged to a record low on as authorities navigate the country's worst foreign-exchange crunch in half a decade. The currency headed for its biggest slump since a devaluation in October with a slide of as much as 7% to about 26.5 per dollar in the offshore market, before trimming some losses. However, Egypt saw more than USD925 million in foreign-exchange inflows since January 11, the central bank said, spotlighting what it called a series of "positive indicators" in the wake of the North African nation's third devaluation in a year. Interbank trading activity was more than 20 times the recent daily average, the central bank said.

In the GCC, the World Bank has revised upward the UAE's growth forecast for 2022 and 2023 by 1.2% and 0.7%, respectively, from its previous forecast. According to the World Bank's latest Global Economic Prospects report, the UAE GDP is estimated to expand by 5.9% in 2022 and 4.1% this year on the back of the expansion of the non-oil sector. Data showed all the Gulf Cooperation Council (GCC) economies to see slower growth this year with UAE being the fastest-growing economy in the Gulf region in 2023. Furthermore, Oman's approved 2023 budget will likely lead to another fiscal surplus, albeit smaller than in 2022, if oil prices remain elevated, averaging USD90-95/barrel in 2023, Moody's Investors Service said in a report.

The year 2023 presents a new set of challenges that need to be navigated. Mainly the interest rate direction in the face of uncertain inflation rates and finally the ongoing war in Eastern Europe which has impacted food and energy prices.

We continue to have a high conviction for investment in MENA equity markets, more so on our portfolio holdings, and believe the elevated prices for 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.

DISCLAIMER

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