

IIAB MENA Feeder Fund

Performance Report 31.08.23

A protected cell of the IIAB PCC Ltd

NAV PER SHARE \$5.97

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

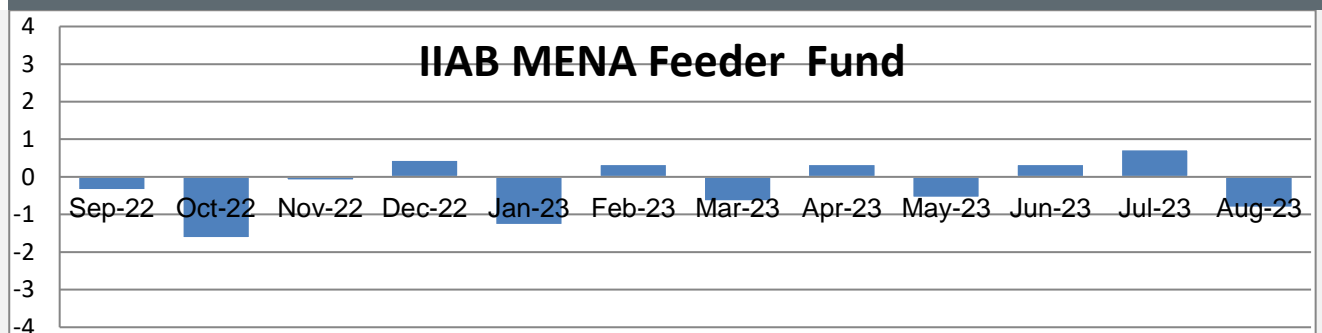
Domicile	Guernsey Channel Islands	Valuation point	Monthly, last business day of the month
Reference currency	USD	Minimum subscription	USD 25,000 & USD 1,000 thereafter
Fund assets	USD 2,985,335	Fund manager	AB Fund Managers (Guernsey) Ltd
		Investment advisor	Al Arabi Investment Group Co (AB Invest)
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	-0.65	0.34	-0.55	0.34	0.74	-0.82					-1.54
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	-0.60	0.41	-0.50	0.43	0.87	-0.78					-1.02
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)

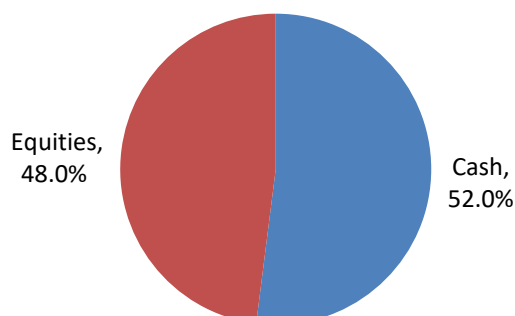
Portfolio	
Annualised return	-2.5%
Annualised volatility	12.6%
Sharpe ratio	NM
Maximum month	8.3%
Minimum month	-25.6%
% Positive months	52.4%
Worst 12 months	-72.3%
Best 12 months	94.1%

TOP TEN HOLDINGS (MASTER FUND)

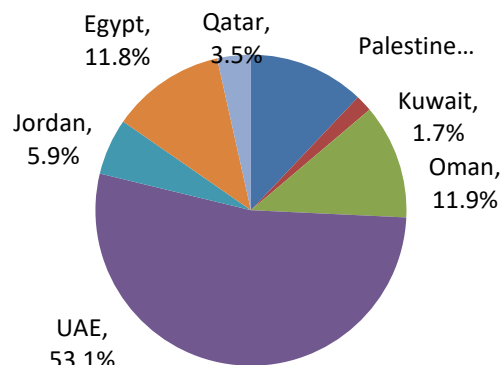
	Country	%
Dubai Islamic Bank	UAE	10.52%
Emaar Properties Company	UAE	7.32%
Palestine Telecommunications Company	Palestine	5.79%
OOREDOO OMR	Oman	5.73%
Aramex	UAE	3.69%
Cairo Investment & Real Estate Development	Egypt	3.13%
Al Yah Satellite Communications Company	UAE	2.61%
Cairo Poultry Company	Egypt	2.56%
Jordan Islamic Bank	Jordan	2.15%
Industries Qatar	Qatar	1.68%



ASSET ALLOCATION (MASTER FUND)



GEOGRAPHIC ALLOCATION (MASTER FUND :EQUITIES)



COMMENTARY

MENA benchmark indices crashed after two straight months of solid gains as interest rate uncertainty coupled with the seasonal summer lull cast a shadow over equity markets. The S&P Pan Arab Investable Index was down 3.76% (YTD 2.74%), and the Dow Jones MENA Index fell by 4.01% (YTD 1.65%). The Arab Bank MENA Fund outperformed the benchmark indices, falling by a mere 0.5% (YTD 3.42%). The Dow Jones Islamic Market MENA Index equally ended the month of August in the red, recording losses of 3.55% (YTD 4.01%). The IIAB MENA Fund performing slightly better, going down by only 0.78% (YTD -1.02%). The IIAB MENA Feeder Fund consequently shed 0.82% (YTD -1.54%).

The performance of the region's equity markets was a mixed bag for the month of August. Five indices fell while four gained. Leading the losers was the Qatari Index which has gone down by an incredible 7.01% (YTD -4.55%) erasing all of the YTD gains. It was followed by the Kuwait Premier Market index, which has declined by 4.54% (YTD -5.18%) and the Bahraini Index which lost 2.02% (YTD 3.00%). Finally, the Saudi Arabian TASI and the Jordanian ASE index rounded the list, declining by 1.72% (YTD 9.66%) and 1.52% (YTD -3.71%) respectively. On the gainers front, the Egyptian Stock Exchange was at the forefront, rising by 7.26% (YTD 29.29%), followed by the Dubai Financial Market index which gained 0.58% (YTD 22.39%). The Omani Stock Exchange, was up by 0.48% (YTD -1.20%) and the Abu Dhabi index which appreciated by 0.24% (YTD -3.93%).

Global capital markets on the other hand had a distinctly negative month. All major indices were down during the month. The S&P 500 Index fell by 1.77% (YTD 17.40%), while the Dow Jones tumbled by 2.36% (YTD 4.75%). In Europe, the French CAC 40 Index declined 2.42% (YTD 13.02%), the German DAX was down by 3.04% (YTD 14.53%) and the FTSE 100 fell by 3.38% (YTD -0.17%). In Asia, the Nikkei index was down by 1.67% (YTD 25.00%). On the other hand, the Hang Seng index shed 8.45% (YTD -7.07%) while the Shanghai Composite went down by 5.20% (YTD 0.99%).

The event that roiled markets most in August was when the US was stripped of its top-tier sovereign credit grade by Fitch Ratings. The said rating agency criticized the country's ballooning fiscal deficits and an "erosion of governance" that's led to repeated debt limit clashes over the past two decades. The rating was cut one level from AAA to AA+, echoing a move made more than a decade ago by S&P Global Ratings. Tax cuts and new spending initiatives coupled with multiple economic shocks have swelled budget deficits, Fitch said, while medium-term challenges related to rising entitlement costs remain largely unaddressed.

In regional news, Kuwait's economic recovery is ongoing but risks to the oil producer's outlook "remain substantial" and a gridlock between the government and parliament continues to delay reforms, the International Monetary Fund said. The IMF's executive board, in an assessment following "Article IV" consultations with the Kuwaiti government, said real gross domestic product (GDP) is seen slowing to just 0.1% this year after 8.2% growth in 2022, mainly due to oil production cuts. Kuwait is part of OPEC+, a producer group comprising the Saudi-led Organization of the Petroleum Exporting Countries and Russia-led allies, which has been cutting crude output since November to prop up prices.

Moreover, Egypt's inflation accelerated to another record high, with a new surge in food costs heaping more pressure on a country struggling with a debilitating foreign-currency crunch. Consumer prices in urban parts of the country rose an annual 36.5% in July, up from 35.7% the previous month, according to figures released by the state-run CAPMAS statistics agency. On a monthly basis, inflation was 1.9%, compared with 2.1% in June. The Egyptian Pound has remained stable at 30.9 per dollar in banks for months but is trading around 38 on the black market.

We still see some room for advancement in MENA equity markets. There are many corners of the market yet to realize their fair value and are still overlooked, while the continued increase in commodity prices leads to higher valuations in other corners.

We continue to look for pockets of deep value and remain vigilant to any price movement in commodities that could provide us with an opportunity to invest in companies at discounted valuations.



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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