

IIAB MENA Feeder Fund

Performance Report 31.12.21

A protected cell of the IIAB PCC Ltd

NAV PER SHARE **\$6.03**

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

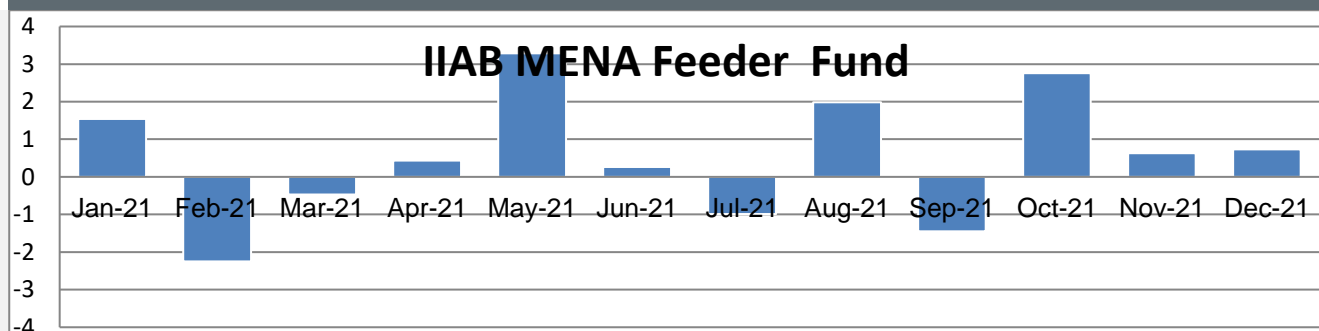
Domicile	Guernsey Channel Islands	Valuation point	Monthly, last business day of the month
Reference currency	USD	Minimum subscription	USD 25,000 & USD 1,000 thereafter
Fund assets	USD 3,058,135	Fund manager	AB Fund Managers (Guernsey) Ltd
		Investment advisor	Al Arabi Investment Group Co (AB Invest)
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													
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
2017	0.10	0.01	0.40	0.69	-2.64	0.70	-1.00	-0.95	0.98	-0.28	-2.90	-0.04	-4.91
IIAB Islamic MENA Fund (Master Fund)													
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

MONTHLY RETURN OVER THE PREVIOUS 12 MONTHS



PERFORMANCE STATISTICS (MASTER FUND)

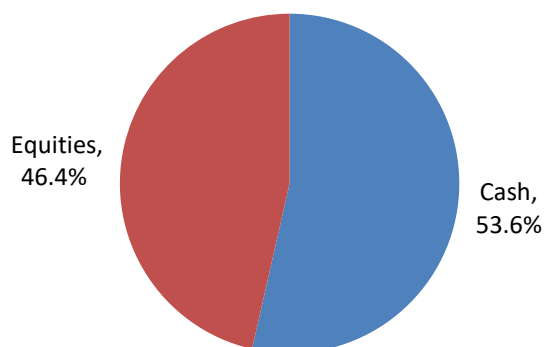
	Portfolio
Annualised return	-2.9%
Annualised volatility	13.3%
Sharpe ratio	NM
Maximum month	8.3%
Minimum month	-25.6%
% Positive months	52.7%
Worst 12 months	-72.3%
Best 12 months	94.1%

TOP TEN HOLDINGS (MASTER FUND)

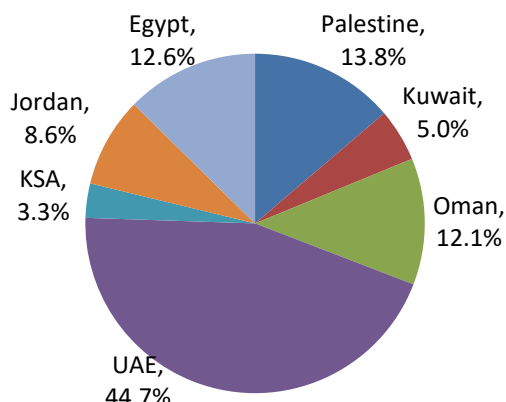
	Country	%
Dubai Islamic Bank	UAE	10.72%
Emaar Properties Company	UAE	7.31%
Palestine Telecommunications Company	Palestine	6.39%
OOREDOO OMR	Oman	5.60%
Cairo Investment & Real Estate Development	Egypt	3.84%
Jordan Islamic Bank	Jordan	3.05%
Al Yah Satellite Communications Company	UAE	2.73%
Human Soft Holding Co	Kuwait	2.34%
Cairo Poultry Company	Egypt	2.03%
Saudi Airlines Catering	KSA	1.52%



ASSET ALLOCATION (MASTER FUND)



GEOGRAPHIC ALLOCATION (MASTER FUND :EQUITIES)



COMMENTARY

After a sharp fall in MENA indices in November as a result of the discovery of the Omicron coronavirus variant, December was business as usual and indices rebounded resuming their upward trajectory. The S&P Pan Arab Investable Index surged 3.62% (YTD 26.79%), and the Dow Jones MENA Index was up by 3.64% (YTD 28.42%). The Arab Bank MENA Fund also ended December on the up, rising by 1.49% (YTD 12.08%). The Dow Jones Islamic Market MENA Index also followed suit, recording gains of 3.41% (YTD 26.55%). Similarly the IIAB MENA Fund finished the month in the green, gaining 0.77% (YTD 7.02%). The IIAB MENA Feeder Fund consequently gained 0.73% (YTD 6.42%).

The performance of the region's equity markets was almost unanimously positive for December except for the Abu Dhabi Index, which shed 0.68% (YTD 68.24%). The list of advancing indices was headed by the Egyptian Stock Exchange which shot up 4.86% (YTD 10.18%), closely followed by the Saudi Arabian TASI which went up by 4.83% (YTD 29.83%). The third best performing MENA markets index was a tie between the Kuwait Premier Market Index which gained 4.00% (YTD 26.24%) and the Dubai Financial Market which was also up by 4.00% (YTD 28.25%). Rounding up the gainers are the Bahraini Index, the Omani Stock Exchange, the Jordanian ASE index and Qatari index which were up by 3.91% (YTD 20.64%), 3.23% (YTD 12.87%), 2.96% (YTD 27.84%) and 2.10% (YTD 11.40%) respectively.

Global capital markets also experienced a resurgence. All major indices, except for one, have recorded gains to end the year on a positive note. The S&P 500 Index gained 4.36% (YTD 26.89%), while the Dow Jones surged 5.38% (YTD 18.73%). In Europe, the French CAC 40 Index was up by 6.43% (YTD 28.85%), the German DAX gained 5.20% (YTD 15.79%) and the FTSE 100 had gone up by 4.61% (YTD 14.30%). In Asia, the Nikkei index gained 3.49% (YTD 4.91%), while the Hang Seng was the sole loser, falling by 0.33% (YTD -14.08%). Meanwhile, the Shanghai Composite gained 2.13% (YTD 4.80%).

December's headlining news was the US Federal Reserve intensifying their battle against the hottest inflation in a generation by shifting to end its asset-buying program earlier, and signaling it favors raising interest rates in 2022 at a faster pace than expected. Heralding one of the most hawkish policy pivots in years, the central bank said Wednesday it will double the pace at which it's scaling back purchases of Treasuries and mortgage-backed securities to USD30 billion a month, putting it on track to conclude the program in early 2022, rather than mid-year as initially planned.

In MENA news, Saudi Arabia boosted its revenue forecast for next year, with higher oil prices and production volumes poised to deliver the first surplus since 2013. Revenue next year is set to reach more than 1 trillion riyals (USD267 billion), up from 903 billion riyals in a forecast published in September, according to a Finance Ministry statement. The kingdom expects to record a surplus of 90 billion riyals next year, putting it 12 months ahead of a plan to balance the budget by 2023, helped by soaring oil revenues, spending cuts and higher taxes.

Moreover, Oman said it expects its budget deficit to reach 5% of gross domestic product (GDP) in 2022, well within the limits of a medium-term fiscal plan launched by the Gulf state last year to fix its heavily-indebted finances. A relatively small crude producer, Oman is more sensitive than its hydrocarbon-rich Gulf neighbors to oil price swings, meaning it was hit especially hard by the price crash in 2020 amid the COVID-19 pandemic and worldwide economic lockdowns. But higher oil prices this year, along with fiscal reforms, are expected to narrow state deficits and slow a rise in debt levels over the next few years.

In Market news Dubai plans to list Emirates Central Cooling Systems Corp., a venture between a unit of Dubai Holding and a state-owned utility, on its stock market as part of plans to deepen its capital market. The Emirate also plans to list Tecom Group (a part of the state-owned Dubai holdings), which houses the headquarters of more than 5,600 companies.



Evidence showing that the Omicron variant causes milder symptoms and leads to less hospital admissions and deaths have raised hopes that it could spell an end to the coronavirus pandemic which has been raging for around two years now. That optimism led to the rebound witnessed in December which capped an extraordinary year for global equity markets.

As we bid farewell to 2021 and welcome 2022, we believe next year will prove choppy for equity markets across the globe. Looming interest rate increases may threaten equity returns and thus we continue to be vigilant, selectively positioning into exposures that are beaten down and have sound fundamental values.

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.

