

# IIAB Sukuk & Murabaha MENA Fund

A protected cell of the IIAB PCC Ltd

Performance Report 28.03.24

NAV PER SHARE

\$9.38

## OBJECTIVE OF THE FUND

The IIAB Sukuk & Murabaha MENA Fund is a medium to long-term, medium-risk investment vehicle with particular focus on sukuk, murabaha and sharia' compliant cash transactions, initiated out of the Middle East & North Africa region. The Fund seeks to earn the highest level of current income, while aiming to achieve a net return exceeding three month USD LIBOR on annualized basis.

## KEY FEATURES

<b>Domicile</b>	Guernsey Channel Islands	<b>Valuation point</b>	Monthly, last business day of the month
<b>Reference currency</b>	USD	<b>Minimum subscription</b>	USD 25,000 & USD 1,000 thereafter
<b>Fund assets</b>	8,184,036	<b>Fund Manager</b>	AB Fund Managers (Guernsey) Ltd
<b>Launch date</b>	28 February 2008	<b>Investment Advisor</b>	Al Arabi Investment Group Co (AB Invest)
<b>Listing</b>	CISX	<b>Dealing frequency</b>	Monthly, 7 business days prior to month end
		<b>BBG code</b>	IIABSUK GU Equity

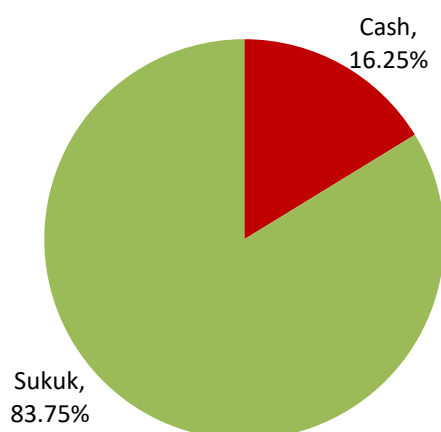
## MONTHLY PERFORMANCE (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Y.T.D.
2024	0.12	0.05	0.50										0.67
2023	0.64	-0.22	0.18	0.10	-0.52	-0.14	0.13	-0.09	-0.66	-0.95	1.82	1.52	1.79
2022	-0.54	-0.33	-0.59	-0.58	-0.05	-0.78	0.38	0.23	-0.96	-0.08	0.65	0.07	-2.53
2021	0.26	-0.14	-0.20	0.29	0.29	-0.06	-0.06	-0.05	-0.10	-0.05	-0.65	0.19	-0.30
2020	0.52	-0.16	-4.83	1.66	1.00	1.43	0.72	0.52	0.03	0.35	0.88	0.60	2.59
2019	1.17	0.55	0.91	0.62	0.41	0.86	1.01	0.54	0.02	0.03	-0.02	0.39	6.68

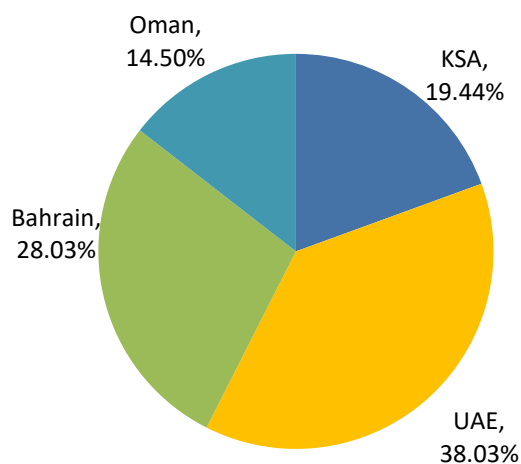
## ASSET ALLOCATION (%)

	Actual
Cash	16.25%
Sukuk	83.75%

## ASSET ALLOCATION



## GEOGRAPHIC ALLOCATION (SUKUK)

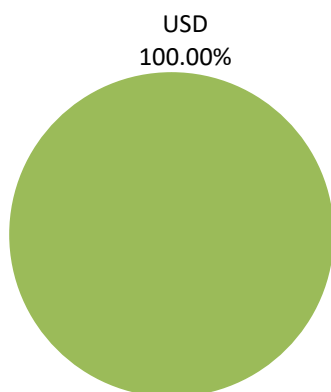


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## CURRENCY ALLOCATION



## TOP TEN HOLDINGS

CBB International Sukuk Company	9.32%
Oman Sultanate	9.12%
KSA Sukuk LTD	8.93%
Mumtalakat Sukuk	8.66%
DP World Crescent Limited	6.01%
MAF Sukuk LTD	5.94%
Sharjah Sukuk	5.85%
EMAAR SUKUK LTD	5.70%
CBB International Sukuk Company	5.57%
DIB TIER SUKUK	5.53%

## COMMENTARY

Fixed income instruments were up during March as the US Fed reiterated its stance on three rate cuts coming in 2024, reassuring market participants. The Dow Jones Sukuk Index has gained 0.35% (YTD -0.96%), while the S&P MENA Sukuk Index has gone up 0.75% (YTD 0.17%). The IIAB Sukuk & Murabaha MENA Fund' performance was somewhere in between, gaining 0.50% (YTD 0.67%).

In major news for the month of March, Federal Reserve officials maintained their outlook for three quarter-point rate cuts this year but forecast fewer cuts than before in 2025 following a recent uptick in inflation. Officials decided unanimously to leave the benchmark federal funds rate in a range of 5.25% to 5.5%, the highest since 2001, for a fifth straight meeting. Policymakers signaled they remain on track to cut rates this year for the first time since March 2020, but they now see just three reductions in 2025, down from four forecast in December, based on the median projection. This comes as the US economy grew faster than previously estimated in the fourth quarter, boosted by strong consumer spending and business investment in nonresidential structures like factories and healthcare facilities. The report from the Commerce Department showed profits rising at a solid clip last quarter, driven by nonfinancial corporations. Increasing profits, together with rising worker productivity, could encourage companies to retain their employees, and extend the economic expansion.

In regional news, Egypt has gone from the brink of economic disaster to unlocking more than \$40 billion of investments and loans from the United Arab Emirates and the International Monetary Fund, with the likelihood of more to come from Saudi Arabia and others. Egypt secured an expanded \$8 billion deal with the International Monetary Fund, hours after the central bank unshackled its currency and delivered a 600-basis points rate hike in a push to stabilize the economy. Additionally, Egypt would obtain a \$1.2 billion loan for environmental sustainability, bringing its total from the IMF to more than \$9 billion, the government said. The currency weakened to beyond 50 Egyptian pounds to the dollar - far beyond previous records - from about 30.85 pounds, a level Egypt has for months tried to defend.

In ratings' news, Egypt's credit outlook was lifted to positive by S&P Global Ratings after a long-awaited currency devaluation was poised to ease foreign currency shortages. The credit assessor moved Egypt to positive from stable and affirmed the rating at B-, six notches into non-investment grade. Egypt's credit outlook was also raised to positive by Moody's Ratings as the nation unlocks fresh funding from the International Monetary Fund and bilateral lenders. The credit-rating company changed Egypt's outlook to positive from negative, while affirming the Caa1 rating. On another note, Fitch upgraded 7 Qatari banks. The rating actions follow the upgrade of Qatar's sovereign rating on 20 March 2024 and reflects the agency's view of the increased ability of the Qatari authorities to support the banks.

In issuance news, Mamoura Diversified Global Holding PJSC ("MDGH"), rated Aa2 (Moody's), AA (S&P) and AA (Fitch), raised USD1 billion through a 10-year USD sukuk at a final reoffer yield of 4.959% (UST + 70 bps). Furthermore, Mubadala Investment Co. is seeking to raise about USD1 billion in its first dollar-denominated Islamic bond sale as the Abu Dhabi fund seeks to take advantage of increased investor demand for the instrument. Finally, Al Rajhi Bank (A1/A-/A-) has released IPT at UST + 120 bps for a 5-year Sustainable sukuk issue.



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The Fund was 83.75% invested at the end of the month of March. It was positioned with an average yield to maturity of 1.52% and an average maturity of 3.08 years.

## INVESTMENT METHODOLOGY AND APPROACH

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

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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.

