

IIAB Sukuk & Murabaha MENA Fund

A protected cell of the IIAB PCC Ltd

Performance Report 29.02.24

NAV PER SHARE

\$9.33

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

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	8,143,430	Fund Manager	AB Fund Managers (Guernsey) Ltd
Launch date	28 February 2008	Investment Advisor	Al Arabi Investment Group Co (AB Invest)
Listing	CISX	Dealing frequency	Monthly, 7 business days prior to month end
		BBG code	IIABSUK GU Equity

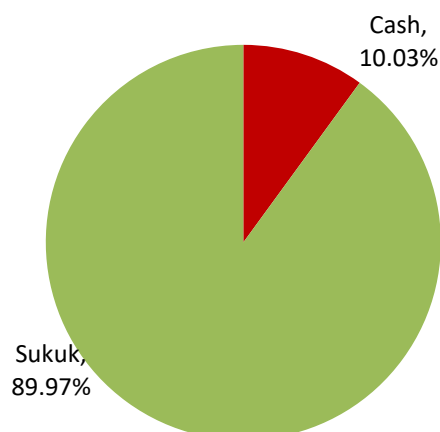
MONTHLY PERFORMANCE (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Y.T.D.
2024	0.12	0.05											0.17
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

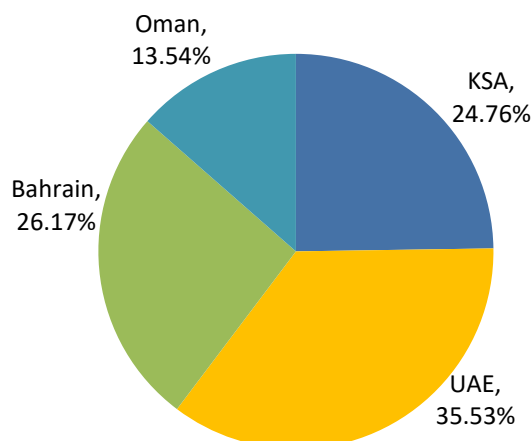
ASSET ALLOCATION (%)

	Actual
Cash	10.03%
Sukuk	89.97%

ASSET ALLOCATION



GEOGRAPHIC ALLOCATION (SUKUK)

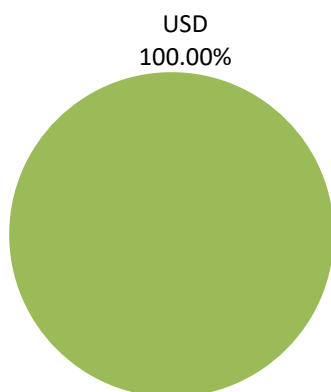


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CURRENCY ALLOCATION



TOP TEN HOLDINGS

CBB International Sukuk Company	9.36%
Oman Sultanate	9.15%
KSA Sukuk LTD	8.91%
Mumtalakat Sukuk	8.69%
Arabian Centres	6.11%
DP World Crescent Limited	6.03%
MAF Sukuk LTD	5.96%
EMAAR SUKUK LTD	5.74%
Sharjah Sukuk	5.85%
CBB International Sukuk Company	5.57%

COMMENTARY

Fixed income and Sukuk instruments slid during February as the US Fed continues to sow confusion on the timing of USD rate cuts leaving the markets in limbo. The Dow Jones Sukuk Index shed 0.61% (YTD -1.31%), while the S&P MENA Sukuk Index lost 0.23% (YTD -0.58%). The IIAB Sukuk & Murabaha MENA Fund on the other hand bucked the trend, creeping up by 0.05% (YTD 0.17%).

In February's marquee news, top Federal Reserve officials hammered home the message that the US central bank is still on track to cut interest rates this year — just not anytime soon. Fed Vice chair Philip Jefferson and Governor Lisa Cook said they're optimistic inflation is still cooling despite a blip in January but made clear they want more evidence it's headed back to their 2% target before lowering borrowing costs. Federal Reserve chair Jerome Powell said Americans may have to wait beyond March for the central bank to cut interest rates as officials look for more economic data to confirm that inflation is headed down to 2%.

In regional news, the United Arab Emirates agreed to invest USD35 billion in Egypt, a breakthrough in Cairo's efforts to end its worst foreign-exchange crisis in decades. The plans include developing a premium area on the North African nation's Mediterranean coast known as Ras El-Hekma — a project Egypt's Prime Minister Mostafa Madbouly described as the biggest deal in his country's history. Abu Dhabi wealth fund ADQ said it will purchase Ras El-Hekma development rights for \$24 billion and invest \$11 billion — which will come from the UAE's money deposited at Egypt's central bank — in additional real estate and other prime projects in the country.

Moreover, Turkey put a USD8.5 billion sukuk deal with the United Arab Emirates on hold as it looks to explore cheaper options in the global bond markets. Ankara views the yield demanded by Abu Dhabi Development Holding Co PJSC, the fund owned by the United Arab Emirates, as unfavorable. This reflects the improving conditions in Sukuk markets in general and in Turkey's credit profile outlook.

In ratings news, Moody's Investors Service has downgraded to Ba3 from Ba2 both the corporate family rating (CFR) of Arabian Centres Company (ACC) and the backed ratings of sukuk certificates issued by Arabian Centres Sukuk Limited and Arabian Centres Sukuk II Limited. The outlooks on all entities have also been changed to stable from negative. The downgrade of ACC's ratings reflects the company's persistently weak credit metrics amid the improved business fundamentals for mall operators in Saudi Arabia, and track record of aggressive liquidity management and financial policies.

New issuances in February have been large and abundant. Saudi Arabia's wealth fund raised USD 2 billion from the sale of Islamic bonds, its second foray into the debt market this year and joining a flurry of emerging-market offerings. The Public Investment Fund sold seven-year dollar sukuk at 85 basis points over the US Treasuries. Meanwhile, Dubai Islamic Bank (DIB) raised USD1 billion through a 5- year sustainable sukuk at UST + 95 bps. In another bank issuance, Saudi National Bank (SNB), rated A1 Positive (Moody's), A- Stable (S&P), and A- Stable (Fitch), the largest bank in Saudi Arabia, raised USD850 million through a 5-year sustainable sukuk issue at final price of T + 90 bps. Finally, The Kingdom of Bahrain has released IPT for a 7-year sukuk issue at 6.625% area, and a 12-year conventional bond issue at 8% area.



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The Fund was 94.01% invested at the end of the month of February. It was positioned with an average yield to maturity of 2.67% and an average maturity of 3.03 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

Whilst the information contained in this report is provided in good faith, no representation or warranty, express or implied, is made to its accuracy or completeness.

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This Fact Sheet is not an invitation to make an investment, nor does it constitute an offer for sale. In addition, it does not constitute as an advertisement in a country where the Fund is not registered for sale.

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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.

