

IIAB Sukuk & Murabaha MENA Fund

Performance Report 30.04.21

A protected cell of the IIAB PCC Ltd

NAV PER SHARE

\$9.43

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	8,234,779	Fund Manager	AB Fund Managers (Guernsey) Ltd
		Investment Advisor	Al Arabi Investment Group Co (AB Invest)
Launch date	28 February 2008	Dealing frequency	Monthly, 7 business days prior to month end
Listing	CISX	BBG code	IIABSUK GU Equity

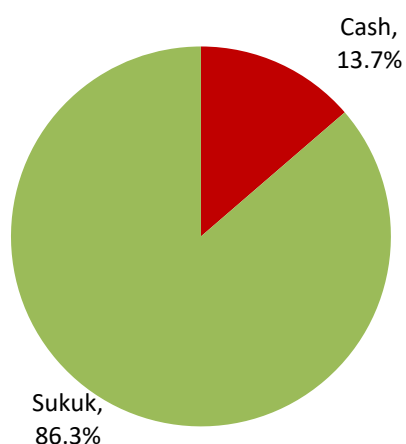
MONTHLY PERFORMANCE (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Y.T.D.
2021	0.26	-0.14	-0.20	0.29									0.20
Benchmark	0.02	0.02	0.02	0.02									0.07
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
2018	-0.23	-0.68	-0.30	-0.20	-0.40	0.09	0.69	0.24	0.18	-0.25	0.05	0.12	-0.68
2017	0.45	0.30	0.07	0.20	0.02	-1.04	0.60	0.21	-0.11	0.00	-0.49	0.13	0.32
2016	-1.47	1.26	0.50	0.25	0.00	0.47	0.50	0.10	-0.07	-0.12	-0.48	0.19	1.13

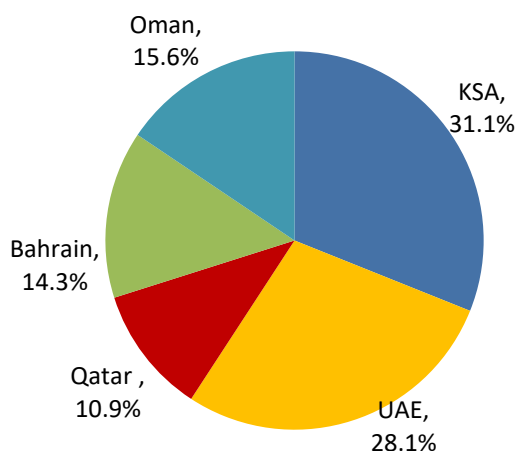
ASSET ALLOCATION (%)

	Actual
Cash	13.7%
Sukuk	86.3%

ASSET ALLOCATION



GEOGRAPHIC ALLOCATION (SUKUK)

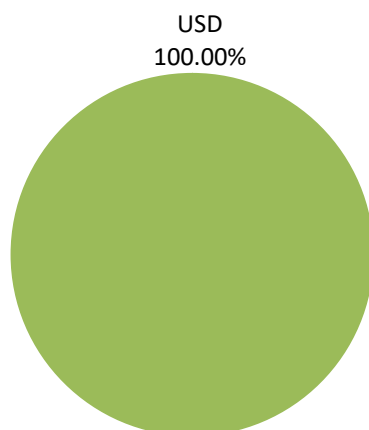


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CURRENCY ALLOCATION



TOP TEN HOLDINGS

OMAN SULTANATE	9.44%
Sharjah Islamic Bank Sukuk	8.56%
First Abu Dhabi Bank Sukuk	6.38%
State of Qatar Sukuk	6.35%
Dubai Islamic Bank Sukuk	6.33%
Arabian Centres	6.27%
Saudi Electric Co. Sukuk	6.24%
CBB International Sukuk Company	6.22%
Kingdom of Saudi Arabia	6.21%
CBB International Sukuk Company	6.19%

COMMENTARY

Fixed income assets have enjoyed a bump during the month of April as inflation ticked up in the US raising the prospect of a sooner than anticipated interest rate increase by the US Fed. The Dow Jones Sukuk Index has nudged up 0.51% (YTD -1.33%) while the S&P MENA Sukuk Index gained 0.72% (YTD 0.08%). The IIAB Sukuk & Murabaha MENA Fund followed suit, inching up by 0.29% (YTD 0.20%).

The most important event to effect global capital markets in April was President Joe Biden's USD2.25 trillion US infrastructure plan. "The "American Jobs Plan" lays out an eight-year program that includes USD620 billion for transportation and USD650 billion for initiatives such as cleaner water and high-speed broadband. Biden's plan would also allocate USD580 billion to American manufacturing - which would include USD180 billion for the biggest non-defense research and development program on record and USD400 billion towards care for the elderly and disabled.

The IMF noted that most advanced economies will emerge from the coronavirus crisis with little lasting damage, thanks to the relatively rapid rollout of vaccines and their willingness to increase sharply public spending and borrowing. The likely success in managing the economic fallout from the pandemic will not be replicated in emerging economies, however, highlighting the divergence in economic fortunes, the Fund said. Even with differing fortunes, the global economic outlook had improved notably since the Fund's previous forecasts at the start of this year, revising upwards its expectations for almost all countries. The global economy is set to enjoy two years of rapid growth in 2021 and 2022 of 6% and 4.4%, the IMF forecast.

In commodities, OPEC raised its forecast for growth in world oil demand this year on expectations the pandemic will subside, providing help for the group and its allies in their efforts to support the market. Demand will rise by 5.95 million barrels per day (bpd) in 2021, or 6.6%, the organization has said. This has led to OPEC, Russia and their allies sticking to plans for a phased easing of oil production restrictions from May to July, despite surging coronavirus cases in India, Brazil and Japan.

In ratings news, Moody's Investors Service has changed the outlook on the Government of Bahrain to negative from stable and has affirmed its B2 long-term issuer and senior unsecured ratings. The change of outlook to negative reflects increased downside risks to Bahrain's ratings stemming from a larger than earlier expected weakening in fiscal metrics and ongoing uncertainty around the timing and the size of the augmentation of the financial support package for Bahrain from the fellow Gulf Cooperation Council countries. Furthermore, S&P has reaffirmed Emirate of Sharjah's outlook which remains stable at BBB-.

In issuance news, Arab Petroleum Investments Corp., an investment bank founded by Gulf oil producers, plans to issue conventional bonds and sukuk of between USD500 million and USD1 billion in the second half of 2021. Apicorp intends to invest in energy transition in Gulf countries, Iraq and North Africa over the next year. Furthermore, Dubai Islamic Bank (DIB), the largest Islamic lender in the United Arab Emirates, launched a USD500 million sale of Additional Tier 1 sukuk at 3.375% on Tuesday, setting a record low rate for the perpetual debt instrument out of the Gulf. The sukuk were launched at the lower end of a final price guidance range between 3.375% and 3.5%.



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In addition, the Saudi Ministry of Finance's National Debt Management Center (NDMC) has closed the April 2021 issuance under the government's SAR-denominated sukuk program. The issuance size was set at SAR11.713 billion (USD3.1 billion). The sukuk issuances were divided into two tranches — the first at SAR3.889 billion (USD1 billion), matures in 2028 and the second at SAR7.824 billion (USD2 billion), matures in 2031.

Fitch Ratings says sukuk issuance momentum is expected to continue for the rest of the year, supported by intact investor appetite for sukuk and as issuers seek to diversify funding and to meet upcoming maturities. Although higher oil prices, less pandemic-related support, and the economic recovery could result in lower sovereign funding needs, one-off or infrequent sukuk issuance is expected to support 2021 volumes.

The Fund was 87.17% invested at the end of the month of April. It was positioned with an average yield to maturity of 1.72% and an average maturity of 2.24 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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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.

