

# IIAB Sukuk & Murabaha MENA Fund

A protected cell of the IIAB PCC Ltd

Performance Report 30.06.23

NAV PER SHARE

\$9.15

## 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>	7,988,948	<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

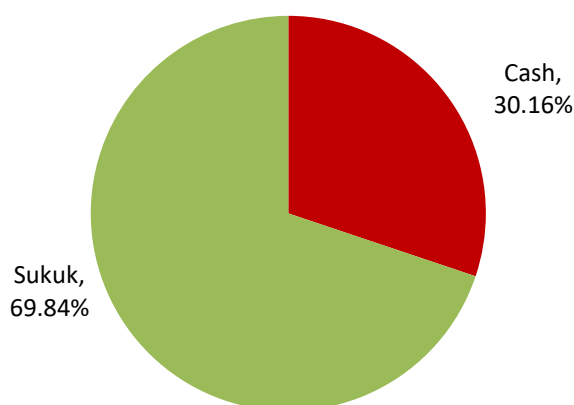
## MONTHLY PERFORMANCE (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Y.T.D.
2023	0.64	-0.22	0.18	0.10	-0.52	-0.14							0.03
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
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

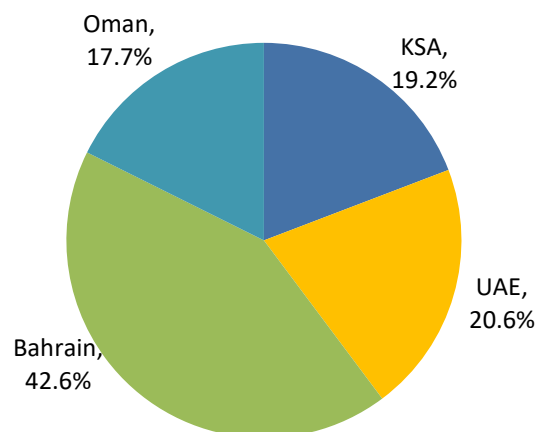
## ASSET ALLOCATION (%)

	Actual
Cash	30.16%
Sukuk	69.84%

## ASSET ALLOCATION



## GEOGRAPHIC ALLOCATION (SUKUK)

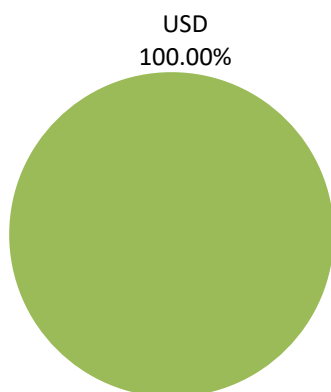


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## CURRENCY ALLOCATION



## TOP TEN HOLDINGS

CBB International Sukuk Company	9.55%
Oman Sultanate	9.22%
Mumtalakat Sukuk	8.76%
Arabian Centres	6.02%
CBB International Sukuk Company	5.96%
Emaar Sukuk	5.86%
DIB Tier 1 Sukuk	5.62%
CBB International Sukuk Company	5.59%
KSA Sukuk Limited	4.49%
Oman Sovereign Sukuk	3.16%

## COMMENTARY

MENA Fixed income indices continued to decline even after the US Fed decided not to hike interest rates in its June meeting. Fed officials signaled further rate increases during the year to tackle the inflation. The Dow Jones Sukuk Index was down 0.78% (YTD 0.22%) during the month of June, while the S&P MENA Sukuk Index shed 0.45% (YTD 1.95%). The IIAB Sukuk & Murabaha MENA Fund was also down but by a smaller rate, falling by 0.14% (YTD 0.03%).

In marquee global news during the month, Federal Reserve Chair Jerome Powell said returning US inflation to 2% is crucial to support the long-term health of the US economy, and that more interest-rate increases may be needed this year. The statement was made after US policymakers voted to skip a rate hike in the June meeting on the back of a slowing rate of inflation.

On the other hand, the European Central Bank has raised interest rates by a quarter-point to 3.5% and signalled that it will increase them again in July, warning that inflation is far from vanquished. The ECB's decision to increase its benchmark deposit rate to its highest level in 22 years came as it raised its inflation forecast and trimmed its growth prediction for the next three years.

In regional news, Egypt kept interest rates unchanged for a second month, waiting to secure the foreign exchange needed to manage the currency devaluation that would likely accompany its next bout of monetary tightening. The Monetary Policy Committee maintained the deposit rate at 18.25% and the lending rate at 19.25%, it said in a statement. The latest rate pause comes despite a pick-up in inflation to 32.7% in May, the fastest since 2017.

In energy news, Saudi Arabia will make an extra 1 million barrel-a-day oil supply cut in July, taking its production to the lowest level for several years after a slide in crude prices. The bold move by the most important member of the OPEC+ coalition came at the cost of ceding ground to two key allies: Russia, which made no commitment to cut output deeper, and the United Arab Emirates, which secured a higher production quota for 2024. On the back of this news, the International Monetary Fund (IMF) revised its growth estimate for Saudi Arabia down to 2.1% in 2023 from 3.1% earlier.

In ratings update, Fitch Ratings downgraded Tunisia further into junk, as the cash-strapped North African nation struggles to clinch a final deal with the International Monetary Fund that would secure crucial financing. The move "reflects uncertainty around Tunisia's ability to mobilize sufficient funding to meet its large financing requirement" the ratings agency said in a statement. The cut in the long-term foreign-currency issuer default rating to CCC- from CCC+ also shows "the failure to implement prior actions for an agreed IMF program" needed to release "associated bilateral financing" Fitch said.

The Fund was 73.31% invested at the end of the month of April. It was positioned with an average yield to maturity of 2.34% and an average maturity of 2.14 years.



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## 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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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.

For the purposes of FSA regulation, the fund is defined as an "Unregulated Collective Investment Scheme" and the promotion of such schemes either within the UK or from the UK is severely restricted by statute. Consequently, this report is only made available to Professional Clients and Eligible Counterparties as defined by the Financial Services Authority and to persons falling within the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001. The fund is only offered on the basis of the Offering Memorandum and any supplements thereto.

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.

