

IIAB Sukuk & Murabaha MENA Fund

Performance Report 30.11.21

A protected cell of the IIAB PCC Ltd

NAV PER SHARE

\$9.37

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	8,178,558	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

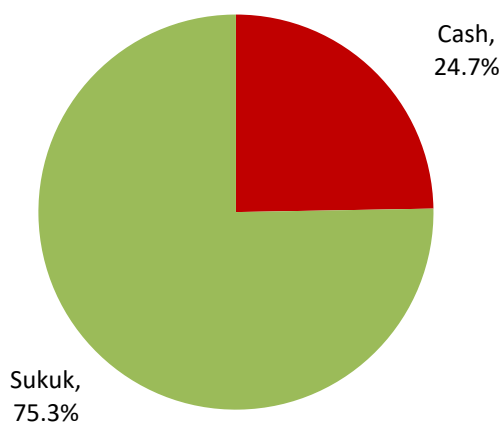
MONTHLY PERFORMANCE (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Y.T.D.
2021	0.26	-0.14	-0.20	0.29	0.29	-0.06	-0.06	-0.05	-0.10	-0.05	-0.65		-0.48
Benchmark	0.02	0.02	0.02	0.02	0.01	0.01	0.01	0.01	0.01	0.01	0.01		0.15
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

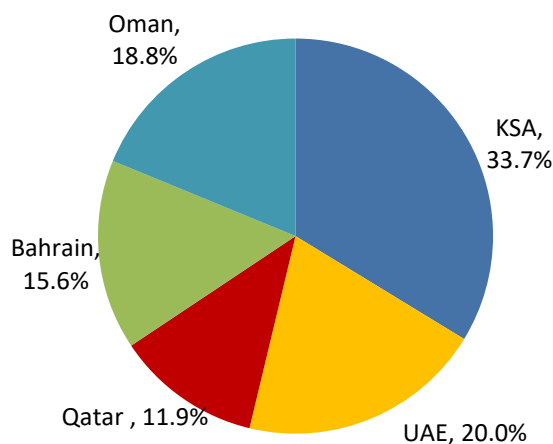
ASSET ALLOCATION (%)

	Actual
Cash	21.5%
Sukuk	78.5%

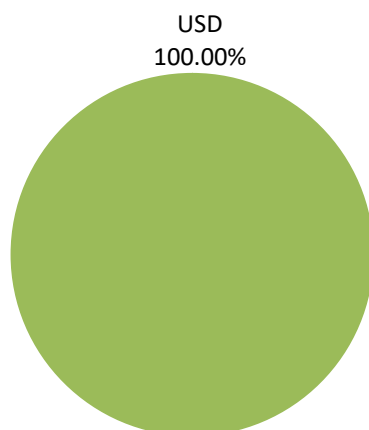
ASSET ALLOCATION



GEOGRAPHIC ALLOCATION (SUKUK)



CURRENCY ALLOCATION



TOP TEN HOLDINGS

OMAN SULTANATE	9.43%
First Abu Dhabi Bank Sukuk	6.32%
State of Qatar Sukuk	6.29%
Dubai Islamic Bank Sukuk	6.28%
Saudi Electric Co. Sukuk	6.19%
Kingdom of Saudi Arabia	6.17%
CBB International Sukuk Company	6.16%
CBB International Sukuk Company	6.10%
Arabian Centres	5.96%
KSA Sukuk Limited	5.12%

COMMENTARY

MENA Fixed income markets did not escape the turmoil brought on by the discovery of a new, more transmissible, COVID variant which rocked global capital markets in November. The Dow Jones Sukuk Index fell 0.43% (YTD -2.21%), while the S&P MENA Sukuk Index shed 0.28% (YTD 0.78%). The IIAB Sukuk & Murabaha MENA Fund also ended the month on a negative note, falling down by 0.65% (YTD -0.48%).

In major news for the month of November, Federal Reserve Chair Jerome Powell said officials can be patient on raising interest rates -- after announcing a start to reducing their bond purchases -- but won't flinch from action if warranted by inflation, after the Federal Open Market Committee said it would scale back bond purchasing by USD15 billion a month starting in November. But Powell stressed that the tapering doesn't mean policy makers will hike rates any time soon, emphasizing the desire to not hinder potential job gains ahead.

In regional news, Saudi Arabia's economy grew at its fastest pace in nearly a decade in the third quarter, boosted by higher oil prices, according to preliminary estimates from the government. Gross domestic product in the kingdom expanded by 6.8% compared to the same quarter of 2020 according to the General Authority for Statistics, its fastest pace since 2012.

Dubai had its best October in terms of property transactions in 8 years at AED 13.12 billion (USD3.57 billion), with the first 10 months of the year outstripping the whole of 2020 by 64.4%. The Dubai Land Department (DLD) said there were 5,352 sales transactions, raising the year-to-date total to 48,651, worth AED 177.44 billion. During the month, 60% of all transactions were for secondary or ready properties and 40% were for off-plan properties, according to Reuters.

In energy news, Saudi Arabia, Russia and the United Arab Emirates signaled OPEC+ will continue raising oil output cautiously and won't bow to US pressure to pump faster. President Joe Biden, concerned that gasoline prices at a seven-year high are stoking inflation in America, has called on the 23-nation alliance to turn on the taps and bring down crude prices. OPEC+, led by Saudi Arabia and Russia, is currently increasing daily output by 400,000 barrels a month.

In issuance news for the month of November, the Kingdom of Bahrain raised USD 1 billion from sale of a 7.5 year USD sukuk issue. The final return was set at 3.875%. It also raised USD 1 billion from sale of a 12.5 year USD bond. The final coupon was set at 5.625%. Moreover, Saudi Arabia raised USD3.25 billion in its return to the international bond market for the third time this year. The kingdom sold USD2 billion of Islamic debt maturing in 9.5 years at 90bps above US treasuries and USD1.25 billion of 30-year conventional bonds yielding 3.36%. Finally, Warba Bank K.S.C.P. raised USD 250 million from sale of a new USD Perpetual (non-call: 5 years) Tier 1 sukuk issue. The final return was set at 4.00%.



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In rating updates, Fitch Ratings has affirmed the United Arab Emirates' Long-Term Foreign-Currency Issuer Default Rating at 'AA-' with a Stable Outlook. Meanwhile, Saudi Arabia's credit rating outlook was raised to Stable from Negative by Moody's, citing the kingdom's ability to reverse much of last year's debt increase. Moody's affirmed the sovereign at A1, its fifth-highest grade. Moreover, Qatar's long-term foreign currency debt rating was affirmed by S&P at AA-. Long-Term Local Currency Debt Rating was affirmed by S&P at AA-. Outlook remains stable.

Finally, S&P Global Ratings revised Bahrain's outlook to stable from negative, as the Gulf country undertakes fiscal reforms to strengthen its economy. Higher oil prices as well as support from other GCC members are also expected to help the country improve its fiscal position. The ratings agency affirmed Bahrain's 'B+/B' long and short-term foreign and local currency sovereign credit ratings

The Fund was 79.01% invested at the end of October, with an estimated average yield to maturity of 1.81% and an estimated average maturity of 1.84 year.

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.

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.

