

IIAB Sukuk & Murabaha MENA Fund

A protected cell of the IIAB PCC Ltd

Performance Report 31.01.24

NAV PER SHARE

\$9.32

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	8,138,967	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

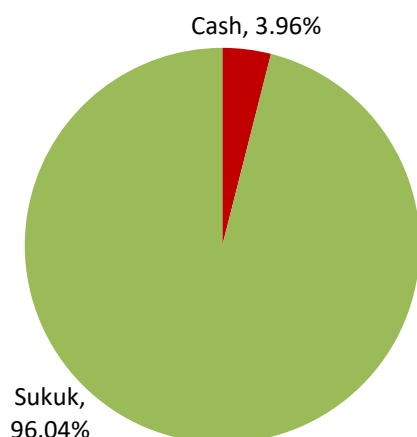
MONTHLY PERFORMANCE (%)

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

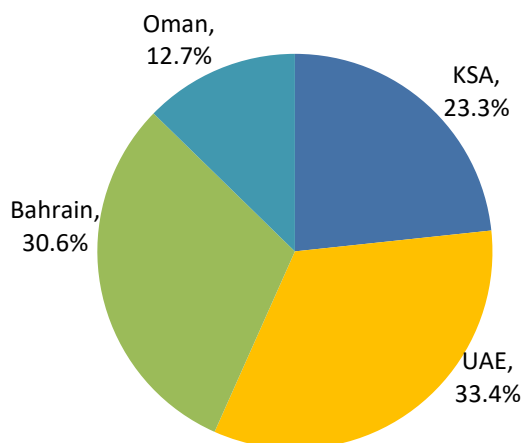
ASSET ALLOCATION (%)

	Actual
Cash	3.96%
Sukuk	96.04%

ASSET ALLOCATION



GEOGRAPHIC ALLOCATION (SUKUK)

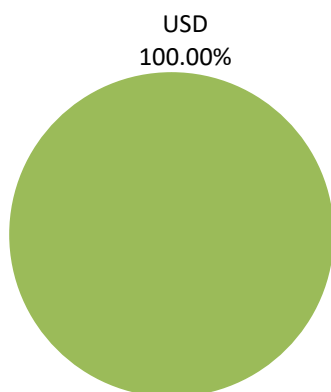


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CURRENCY ALLOCATION



TOP TEN HOLDINGS

CBB International Sukuk Company	9.36%
Oman Sultanate	9.14%
KSA Sukuk LTD	9.05%
Mumtalakat Sukuk	8.73%
DP World Crescent Limited	6.07%
Arabian Centres	6.00%
MAF Sukuk LTD	5.98%
CBB International Sukuk Company	5.88%
Sharjah Sukuk	5.87%
EMAAR SUKUK LTD	5.71%

COMMENTARY

Following a strong December where optimism regarding interest rate cuts peaked, fixed income instruments came back down to earth after messaging from the US Fed to taper expectations. During January, the Dow Jones Sukuk Index went down by 0.70%, while the S&P MENA Sukuk Index posted a loss of 0.36%. The IIAB Sukuk & Murabaha MENA Fund on the other hand advanced slightly, gaining 0.12% to end the month.

In January's marquee news, the US economy's fourth-quarter growth trounced forecasts as cooling inflation fueled consumer spending, capping a surprisingly strong year that defied recession calls. Gross domestic product increased at a 3.3% annualized rate, according to the government's preliminary estimate. For all of 2023, the economy expanded 2.5%. The economy's main growth engine — personal spending — rose at a 2.8% rate. Business investment and housing also helped fuel the larger-than-expected advance last quarter. A closely watched measure of underlying inflation rose 2% for a second straight quarter, in line with the Federal Reserve's target, the Bureau of Economic Analysis report showed.

In regional news, Saudi Arabia's economy contracted at a slower pace in the fourth quarter, as the world's biggest crude exporter extended its oil output cuts in an attempt to push up prices. Gross domestic product shrank 3.7% compared with a year earlier, after a decline of 4.4% in the previous quarter, according to preliminary data released by the kingdom's statistics agency. For 2023 as a whole, the economy shrank 0.9%, its first full-year drop since the global pandemic.

In Issuance news, Banque Saudi Fransi raised USD700 million from sale of 5-year USD sukuk issue. The final return was set at 5.00%. Oman Telecommunications Company S.A.O.G. ("Omantel") raised USD 500 million from sale of a 7-year USD sukuk issue. The final return was set at 5.375%, and Qatar International Islamic Bank raised USD 500 million from sale of a 5-year USD sukuk issue. The final return was set at 5.247%. Finally, First Abu Dhabi Bank (FAB), has raised USD800 million through a 5-year USD sukuk at UST + 85 bps. The profit rate was set at 4.779%

In ratings' updates, Moody's Investors Service upgraded Qatar's credit rating for the first time since 2007, as strong global demand for liquefied natural gas boosts the Gulf state's long-term prospects. Moody's lifted Qatar one level to Aa2, its third-highest investment grade. The rating company also changed Qatar's outlook from positive to stable, meaning another upgrade is unlikely in the short term. Moreover, Moody's Investors Service cut Egypt's credit outlook to negative from stable while the pound's weakening on the black market accelerated, in a sign of the country's worsening economic plight. Moody's affirmed Egypt's rating of Caa1, or seven notches into junk. Even as Egypt holds talks with the International Monetary Fund to increase a USD3 billion rescue program, little of which has been disbursed, Moody's warned it might be insufficient.

The Fund was 97.23% invested at the end of the month positioned with an average yield to maturity of 2.97% and an average maturity of 3.01 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.



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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.

