

IIAB Sukuk & Murabaha MENA Fund

A protected cell of the IIAB PCC Ltd

Performance Report 31.03.21

NAV PER SHARE

\$9.41

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	8,211,252	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

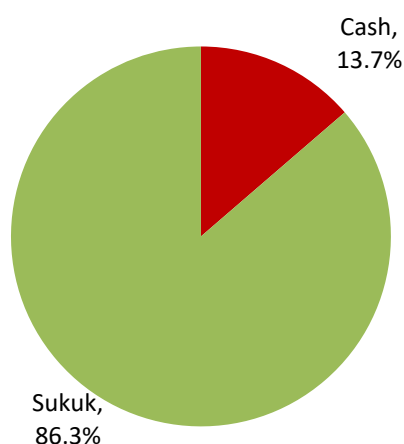
MONTHLY PERFORMANCE (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Y.T.D.
2021	0.26	-0.14	-0.20										-0.09
Benchmark	0.02	0.02	0.02										0.05
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

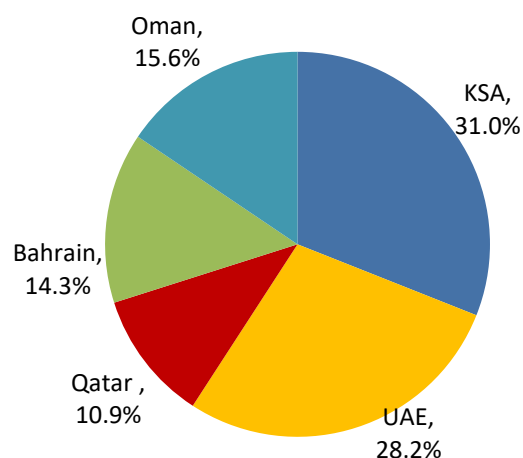
ASSET ALLOCATION (%)

	Actual
Cash	13.7%
Sukuk	86.3%

ASSET ALLOCATION



GEOGRAPHIC ALLOCATION (SUKUK)

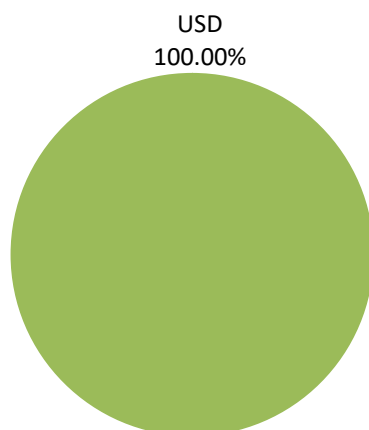


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CURRENCY ALLOCATION



TOP TEN HOLDINGS

OMAN SULTANATE	9.44%
Sharjah Islamic Bank Sukuk	8.59%
First Abu Dhabi Bank Sukuk	6.40%
State of Qatar Sukuk	6.37%
Dubai Islamic Bank Sukuk	6.35%
Saudi Electric Co. Sukuk	6.25%
Kingdom of Saudi Arabia	6.24%
CBB International Sukuk Company	6.24%
CBB International Sukuk Company	6.21%
Arabian Centres	6.19%

COMMENTARY

Fixed income assets in general continued to trend downwards as the appetite for risk increases and investments are diverted more towards risky assets, especially after the US Fed reiterated its dovish stance towards interest rates for at least the next couple of years. The Dow Jones Sukuk Index has shed 0.75% (YTD -1.83%) while the S&P MENA Sukuk Index lost 0.50% (YTD -0.63%). The IIAB Sukuk & Murabaha MENA Fund followed suit, falling by 0.20% (YTD -0.09%).

A number of important market events occurred in March, most important of which was President Joe Biden signing the USD1.9 trillion pandemic-relief bill into law, capping his first major legislative achievement and allowing aid to flow to tens of millions of individuals, businesses and state and local governments. Also in the US, Federal Reserve Chair Jerome Powell said current monetary policy is appropriate and there's no reason to push back against a surge in Treasury yields over the past month. The increase in yields had triggered a debate on whether the central bank would push back against the move which could be a prelude to Fed intervention, much to the relief of equities' investors.

More optimism around the globe ensued. The second in rank official at the International Monetary Fund pointed to emerging signs of a stronger global economic recovery, but warned that significant risks remained, including the emergence of mutations of the coronavirus. IMF First Deputy Managing Director Geoffrey Okamoto said that in early April the Fund would update its January forecast for global growth of 5.5% to reflect additional fiscal stimulus spending in the United States, but gave no details. His position was reiterated by the United Nations in its Conference on Trade and Development, which forecasted the global economy is poised for a solid rebound this year as vaccines and expansionary policies help repair damage from a pandemic that destroyed more than a quarter of a billion jobs.

In commodities, the International Energy Agency said oil markets aren't on the verge of a new price supercycle as plentiful supplies mean any concerns of a shortfall are misguided. Crude rallied to a 14-month high after Saudi Arabia and its allies stunned traders with plans to keep a tight grip on output. OPEC also downgraded the outlook for demand for its crude over the next two quarters, in keeping with the group's plans to keep a tight rein on supply. The Organization of Petroleum Exporting Countries trimmed estimates for the amount of crude it will need to pump in the second quarter by 690,000 barrels a day, amid a weaker picture for demand and stronger growth in rival supply.

In ratings news, Saudi Arabia's long-term foreign currency debt rating was affirmed by S&P at A-. Outlook remains stable. Fitch long-term foreign currency debt rating: A, outlook negative. Moody's foreign issuer rating: A1, outlook negative according to Bloomberg. S&P revised down its assessment of economic risk for the UAE's banking sector to '6' from '5' and revised economic and industry risk assessment trends to stable from negative. S&P affirmed the ratings on First Abu Dhabi Bank, Abu Dhabi Commercial Bank, Sharjah Islamic Bank, and Mashreqbank and lowered the long-term rating on National Bank of Fujairah to 'BBB' from 'BBB+'. The outlooks on all the banks were revised to stable.



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In issuance news, the UK government sold a Sukuk, of GBP500 million (USD689.3 million) to institutional investors based in the UK, Middle East and Asia. The Sukuk will mature July 22, 2026, and accrue profit at 0.333%, flat to the yield on the 1.5% gilt due July 2026. This was the second sovereign Sukuk issued by the British government after its maiden issuance in 2014. Furthermore, Boubyan Bank raised USD 500 million from sale of a new USD Tier 1 sukuk issue. The final return was set at 3.95%.

Finally, Arabian Centres Company, the largest owner, developer and operator of shopping malls in Saudi Arabia, has mandated Credit Suisse, Goldman Sachs International and HSBC as Joint Global Coordinators and Bookrunners as well as Albilad Investment, J.P. Morgan, Kamco Invest and Warba Bank as Joint Lead Managers and Bookrunners to arrange a series of fixed income investor calls commencing on Wednesday 24 March 2021. A long five-year benchmark fixed rate USD Regulation S / 144A senior unsecured Sukuk offering may follow, subject to market conditions.

The Fund was 87.29% invested at the end of the month of March. It was positioned with an average yield to maturity of 1.85% and an average maturity of 2.31 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.

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.

