

IIAB Sukuk & Murabaha MENA Fund

A protected cell of the IIAB PCC Ltd

Performance Report 31.03.23

NAV PER SHARE

\$9.20

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	8,033,977	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

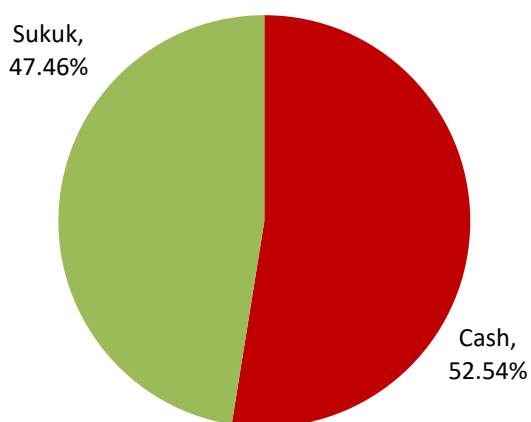
MONTHLY PERFORMANCE (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Y.T.D.
2023	0.64	-0.22	0.18										0.60
Benchmark	0.40	0.40	0.41										1.22
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

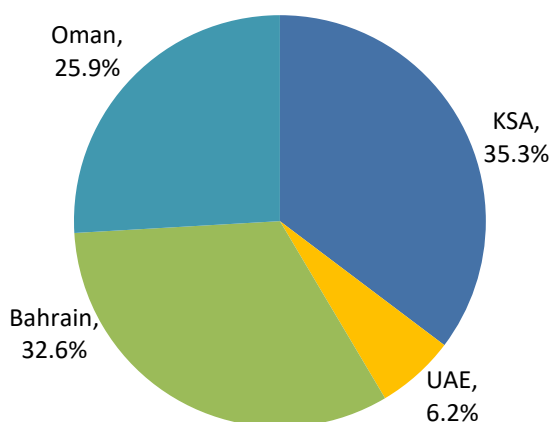
ASSET ALLOCATION (%)

	Actual
Cash	52.54%
Sukuk	47.46%

ASSET ALLOCATION



GEOGRAPHIC ALLOCATION (SUKUK)

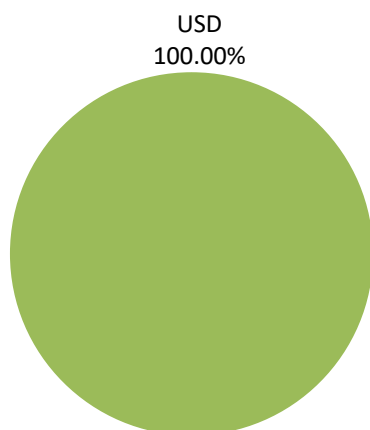


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CURRENCY ALLOCATION



TOP TEN HOLDINGS

CBB International Sukuk Company	9.59%
Oman Sultanate	9.18%
Saudi Electric Co. Sukuk	6.07%
Arabian Centres	6.05%
CBB International Sukuk Company	5.95%
KSA Sukuk Limited	4.60%
Oman Sovereign Sukuk	3.17%
Emaar Sukuk	2.95%
Golden Belt Sukuk	0.09%

COMMENTARY

Fixed income instruments were up during March as a more dovish US Fed stance raised optimism that the cycle of interest rate hikes is nearing an end. The Dow Jones Sukuk Index has gained 0.97% (YTD 1.03%), while the S&P MENA Sukuk Index has gone up 1.06% (YTD 1.82%). The IIAB Sukuk & Murabaha MENA Fund followed suit albeit by a smaller rate, gaining 0.18% (YTD 0.60%).

In major news for the month of March, the Federal Reserve raised interest rates by a quarter percentage point though wording has departed from previous statements signaling “ongoing increases”, in a sign we are nearing the end of the rate hike cycle. This was perhaps prompted by the banking crisis witnessed in March which saw the collapse of SVB Bank and two other regional banks leading to a bank run on customer deposits. In a speech aimed at calming nerves, US Treasury Secretary Janet Yellen told bankers that she is prepared to intervene to protect depositors in smaller U.S. banks suffering deposit runs that threaten more contagion amid the worst financial system turmoil in more than a decade.

In regional news, Saudi Arabia and Iran recently announced that they would resume diplomatic ties and sign security cooperation agreements after a seven-year stand-off, raising the prospects of a durable de-escalation of geopolitical tensions across the Gulf region and the Middle East. If sustained, such de-escalation will reduce susceptibility to political risk and will be credit positive for a number of Gulf Cooperation Council sovereigns, including Saudi Arabia, whose geopolitical risk has been one of the constraints on its rating. A meaningful, durable and inclusive de-escalation that significantly diminishes regional geopolitical risks would reduce the likelihood of credit-damaging disruptions to Saudi Arabia’s capacity to produce and export oil and improve regional security, according to Moody’s rating agency.

Furthermore, the Central Bank of Egypt (CBE) raised its overnight interest rates by 200 basis points (bps) following a meeting of its Monetary Policy Committee (MPC), saying it aimed to bring high inflation into check. The bank set the lending rate at 19.25% and the deposit rate at 18.25%.

In ratings’ news, Fitch Ratings has revised the Outlook on Qatar’s Long-Term Foreign-Currency Issuer Default Rating (IDR) to Positive from Stable and affirmed the IDR at AA. Additionally, Moody’s Investors Service has affirmed the Aa2 long-term local and foreign currency issuer ratings of the Government of the UAE. The outlook remains stable. Moody’s has also affirmed the UAE’s foreign currency senior unsecured debt and program ratings at Aa2 and (P)Aa2, respectively. Finally, S&P Global Ratings has revised Saudi Arabia’s rating to A/A-1 from A-/A-2, and assigned it a stable outlook as the Arab world’s largest economy continues to proceed with significant reforms to diversify its oil intensive economy. The A/A-1 rating indicates a strong capacity by the obligator to meet financial commitments.



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In issuance news, Saudi Electricity Company has mandated banks to issue 10-year Green Sukuk offering in RegS format under Saudi Electricity Sukuk Programme Company's Trust Certificate Issuance Program. Additionally, Saudi Arabia's Al Rajhi Bank raised USD1 billion with five-year sustainable Islamic bonds. The spread on the sukuk was set at 110 basis points (bps) over U.S. Treasuries (UST), tightened from initial price guidance of around 150 bps over UST after demand topped USD3.75 billion.

The Fund was 45.92% invested at the end of the month of March. It was positioned with an average yield to maturity of 1.01% and an average maturity of 1.03 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.

