

IIAB Sukuk & Murabaha MENA Fund

A protected cell of the IIAB PCC Ltd

Performance Report 31.05.24

NAV PER SHARE

\$9.36

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	8,169,805	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

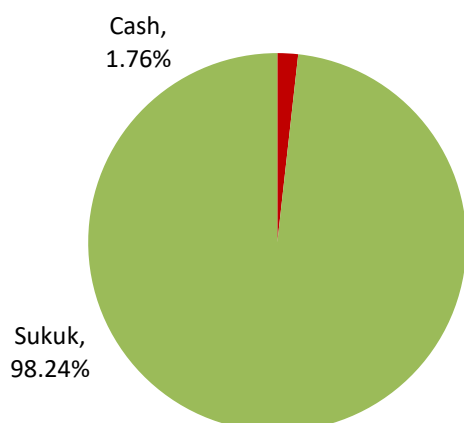
MONTHLY PERFORMANCE (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Y.T.D.
2024	0.12	0.05	0.50	-0.84	0.68								0.50
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

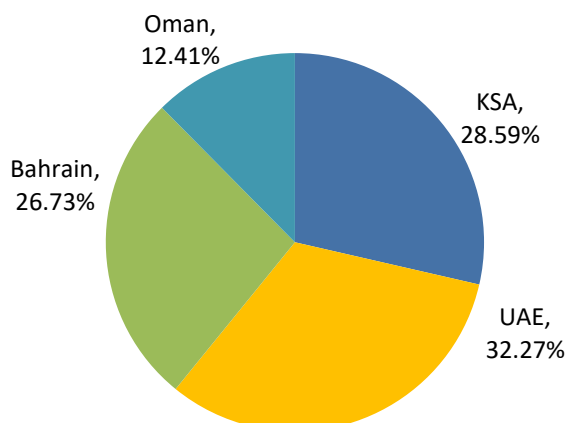
ASSET ALLOCATION (%)

	Actual
Cash	1.76%
Sukuk	98.24%

ASSET ALLOCATION



GEOGRAPHIC ALLOCATION (SUKUK)

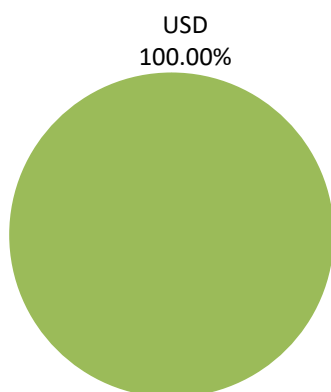


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CURRENCY ALLOCATION



TOP TEN HOLDINGS

CBB International Sukuk Company	9.34%
Oman Sultanate	9.16%
KSA Sukuk LTD	8.85%
Mumtalakat Sukuk	8.64%
Al Rajhi Bank	6.16%
DP World Crescent Limited	5.96%
MAF Sukuk LTD	5.89%
Sharjah Sukuk	5.79%
EMAAR SUKUK LTD	5.65%
DIB TIER SUKUK	5.58%

COMMENTARY

Fixed income asset prices were predominantly up during the month of May with fears growing that stubborn inflation levels will force the US Fed to continue to keep interest rates high. The Dow Jones Sukuk Index was up by 0.73% (YTD -1.82%), while the S&P MENA Sukuk Index gained 1.02% (YTD -0.01%). The IIAB Sukuk & Murabaha MENA Fund has mirrored its benchmarks, rising by 0.68% (YTD 0.50%).

In marquee news for the month of May, the US Federal Reserve held interest rates steady and signaled it is still leaning towards eventual reductions in borrowing costs but put a red flag on recent disappointing inflation readings that could make those rate cuts a while in coming. Indeed, Fed Chair Jerome Powell said that after starting 2024 with three months of faster-than-expected price increases, it "will take longer than previously expected" for policymakers to become comfortable that inflation will resume the decline towards 2% that had cheered them through much of last year.

Also, during May, a measure of underlying US inflation cooled in April for the first time in six months, a small step in the right direction for Federal Reserve officials looking to start cutting interest rates this year. The so-called core consumer price index — which excludes food and energy costs — climbed 0.3% from March, snapping a streak of three above-forecast readings which spurred concern that inflation was becoming entrenched. The year-over-year measure cooled to the slowest pace in three years, Bureau of Labor Statistics figures showed. Core CPI over the past three months increased an annualized 4.1%, the smallest since the start of the year.

In MENA, the IMF said the United Arab Emirates was experiencing strong economic growth, with overall real GDP projected to grow by about 4% this year, higher than earlier estimates. The IMF had projected GDP growth for the Gulf oil exporter at 3.5% in 2024 in its most recent Regional Economic Outlook report.

In other news, Egyptian inflation slowed in April for a second month, as greater availability of foreign exchange after a recent currency flotation appeared to ease some price pressures for the Middle East's largest population. Consumer prices in urban parts of the North African country grew an annual 32.5% compared to 33.3% in March, state statistics agency CAPMAS said. Prices increased 1.1% month-on-month. Food and beverage prices, the largest single component of the inflation basket, increased an annual 40.5%, versus 45% in March.

In issuance news, Saudi Arabia raised USD5 billion through the sale of USD-denominated sukuk as it seeks to plug a hole in its finances and fund spending on economic diversification drive. The kingdom sold the bonds through notes maturing in three, six and 10 years. The deal was priced at yields of 60 basis points more than comparable US Treasuries for the shortest tranche and at 85 basis points for the longest tranche. Moreover, Aldar Investment Properties LLC ("AIP") raised USD500 million through a 10-year USD-denominated Green Sukuk at MS + 110 bps, and Al Rajhi Bank raised USD 1 billion at 6.375% through a NC 5.5-year AT1 Perpetual Sustainable sukuk issue.



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The Fund was 99.43% invested at the end of the month of May. It was positioned with an average yield to maturity of 6.07% and an average maturity of 3.78 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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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.

