

# IIAB Sukuk & Murabaha MENA Fund

A protected cell of the IIAB PCC Ltd

Performance Report 31.08.22

NAV PER SHARE

\$9.18

## 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

<b>Domicile</b>	Guernsey Channel Islands	<b>Valuation point</b>	Monthly, last business day of the month
<b>Reference currency</b>	USD	<b>Minimum subscription</b>	USD 25,000 & USD 1,000 thereafter
<b>Fund assets</b>	8,011,599	<b>Fund Manager</b>	AB Fund Managers (Guernsey) Ltd
		<b>Investment Advisor</b>	Al Arabi Investment Group Co (AB Invest)
<b>Launch date</b>	28 February 2008	<b>Dealing frequency</b>	Monthly, 7 business days prior to month end
<b>Listing</b>	CISX	<b>BBG code</b>	IIABSUK GU Equity

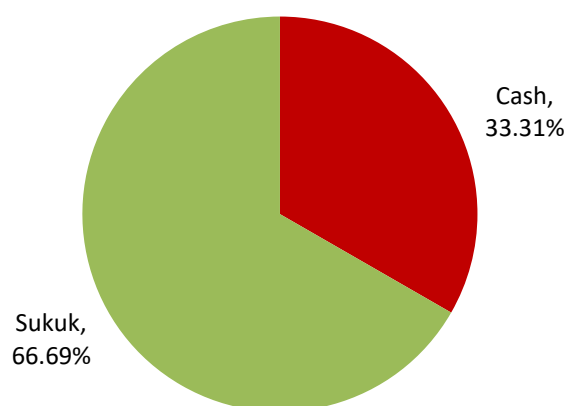
## MONTHLY PERFORMANCE (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Y.T.D.
2022	-0.54	-0.33	-0.59	-0.58	-0.05	-0.78	0.38	0.23					-2.22
Benchmark	0.02	0.03	0.04	0.08	0.13	0.13	0.19	0.23					0.94
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
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

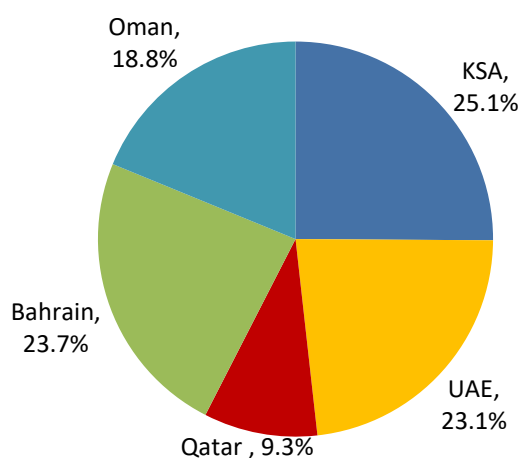
## ASSET ALLOCATION (%)

	Actual
Cash	33.31%
Sukuk	66.69%

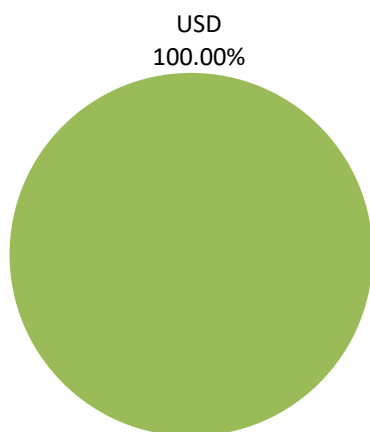
## ASSET ALLOCATION



## GEOGRAPHIC ALLOCATION (SUKUK)



### CURRENCY ALLOCATION



### TOP TEN HOLDINGS

CBB International Sukuk Company	9.77%
OMAN SULTANATE	9.34%
State of Qatar Sukuk	6.23%
First Abu Dhabi Bank Sukuk	6.23%
Dubai Islamic Bank Sukuk	6.22%
Saudi Electric Co. Sukuk	6.09%
CBB International Sukuk Company	6.06%
Arabian Centres	5.94%
KSA Sukuk Limited	4.76%
Oman Sovereign Sukuk	3.24%

### COMMENTARY

MENA Fixed income indices have continued their downward path during the month of August albeit at a slower rate as investors seem to have priced-in the bear-case in relation to US interest rate hikes. The Dow Jones Sukuk Index fell 0.54% (YTD -8.27%), while the S&P MENA Sukuk Index shed 0.13% (YTD -5.67%). The IIAB Sukuk & Murabaha MENA Fund on the other hand, has risen modestly by 0.23% (YTD -2.22%).

During August, the Federal Reserve Chair Jerome Powell signaled the US central bank is likely to keep raising interest rates and leave them elevated for a while to stamp out inflation, and he pushed back against any idea that the Fed would soon reverse course. He started by saying that this time his remarks will be shorter, focus narrower and more direct. He said lowering inflation to the 2% target is the central bank's "overarching focus right now" even though consumers and businesses will feel economic pain. He reiterated that another "unusually large" increase in the benchmark lending rate could be appropriate when officials gather in September, though he stopped short of committing to one.

Tunisia's president and central bank chief appeared to diverge on the urgency of securing an IMF bailout, with the nation split over painful austerity measures necessary to secure a deal. President Kais Saied and Marouane El Abassi, governor of the bank, met as Tunisia faces its worst economic crisis in a decade. Talks with the International Monetary Fund for a rescue package were paused in July, just before Tunisians voted on constitutional reforms. The president is hesitant to formalize a deal with the IMF that would enforce austerity measures and policies on the country, while the Central Bank Chief views the deal as imperative to the central bank's effort to stabilize dwindling foreign reserves and contain inflation in a heavily-indebted economy.

Egypt kept interest rates unchanged, opting for caution a day after the central bank chief's shock resignation fuelled speculation over how the country will deal with mounting pressure on the currency. The Monetary Policy Committee maintained the deposit rate at 11.25% and the lending rate at 12.25% for a second consecutive meeting. This comes as the economy reels from the spill over effects of Russia's invasion of Ukraine. Inflation is running at a three-year high as food and fuel import bills soar while the country is struggling to lure back foreign investors who pulled some USD20 billion from the local debt market this year.

In issuance news, Abu Dhabi Commercial Bank PJSC, rated A (stable outlook) and A+ (stable outlook) by S&P and Fitch respectively, has mandated a number of banks to arrange a series of fixed income investor meetings to introduce its Green Bond Framework. A benchmark 5-Year USD-denominated registered senior unsecured inaugural Green bond offering will follow, subject to market conditions.

In ratings updates, Fitch has affirmed Jordan's long-term foreign-currency issuer default rating at BB- with a stable outlook. The ratings affirmation reflects gradual fiscal and economic reforms, and resilient financing linked to a highly liquid banking sector, public pension fund and international support, Fitch said. However, it added that Jordan's ratings are constrained by high government debt, weak growth, risks stemming from domestic and regional politics, and large external financing needs. Jordan has largely been shielded from the fallout of the Russia-Ukraine war by long-term gas supply agreements with Egypt and Israel, large strategic wheat reserves, soaring fertilizer exports and a strong recovery of its tourism sector, the agency noted.



# IIAB Sukuk & Murabaha MENA Fund

Performance Report 31.08.22

A protected cell of the IIAB PCC Ltd

Furthermore, Oman's credit ranking was upgraded for the first time by Fitch Ratings as higher oil prices eased financing pressures and reversed nearly a decade of budget deficits. Fitch raised Oman's long-term foreign-currency rating by one notch to BB, or two levels below investment grade.

The Fund was 68.16% invested at the end of August, with an estimated average yield to maturity of 0.93% and an estimated average maturity of 1.34 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.

This fact sheet is issued by AB Fund Managers (Guernsey) Ltd. IIAB Sukuk & Murabaha MENA Fund is a Cell of IIAB PCC Ltd, AB Fund Managers (Guernsey) Ltd and IIAB PCC Ltd are licensed and regulated by the Guernsey Financial Services Commission. AB Fund Managers (Guernsey) Ltd is a wholly-owned subsidiary of the Arab Bank Group which is headquartered in Amman, Hashemite Kingdom of Jordan.

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.

