

IIAB Sukuk & Murabaha MENA Fund

A protected cell of the IIAB PCC Ltd

Performance Report 31.10.23

NAV PER SHARE

\$9.09

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	7,864,158	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

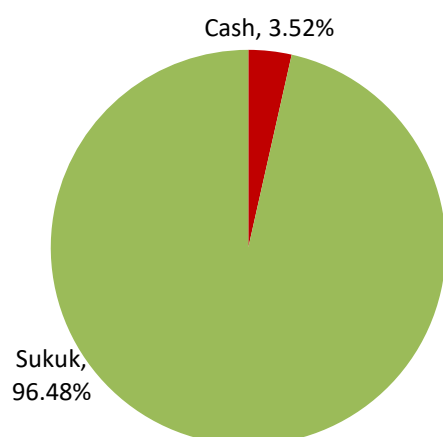
MONTHLY PERFORMANCE (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Y.T.D.
2023	0.64	-0.22	0.18	0.10	-0.52	-0.14	0.13	-0.09	-0.66	-0.95			-1.53
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

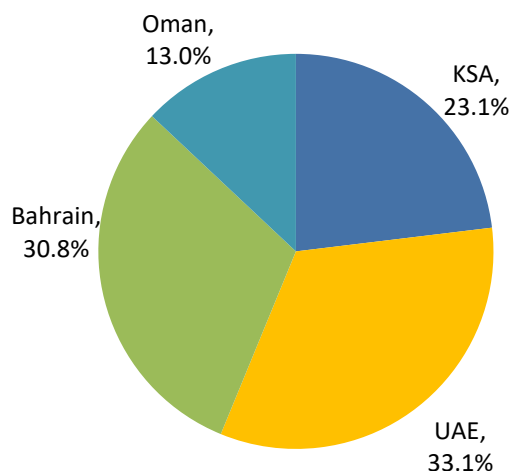
ASSET ALLOCATION (%)

	Actual
Cash	3.52%
Sukuk	96.48%

ASSET ALLOCATION



GEOGRAPHIC ALLOCATION (SUKUK)

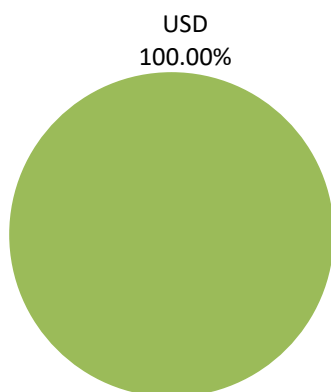


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CURRENCY ALLOCATION



TOP TEN HOLDINGS

CBB International Sukuk Company	9.62%
Oman Sultanate	9.42%
KSA Sukuk LTD	8.94%
Mumtalakat Sukuk	8.73%
CBB International Sukuk Company	6.07%
Arabian Centres	6.06%
DP World Crescent Limited	6.00%
Sharjah Sukuk	5.86%
MAF Sukuk LTD	5.86%
EMAAR SUKUK LTD	5.69%

COMMENTARY

MENA Fixed income indices have suffered further losses during the month of October amid rising geopolitical tensions after the ongoing Gaza offensive and murky interest rate picture going forward. The Dow Jones Sukuk Index fell 1.23% (YTD -2.97%), while the S&P MENA Sukuk Index shed 0.97% (YTD 0.11%). The IIAB Sukuk & Murabaha MENA Fund has also ended the month down, falling by 0.95% (YTD -1.53%).

In major news for the month, the International Monetary Fund lifted its global inflation forecast for next year and called for central banks to keep policy tight until there is a durable easing in price pressures. The IMF boosted its projection for the pace of consumer price increases across the world to 5.8% for next year in its World Economic Outlook, up from 5.2% seen three months ago. The call for vigilance on inflation comes as it also trimmed the forecast for economic growth in 2024. In most countries, the IMF, an institution charged with monitoring the health of the global economy, foresees inflation remaining above central bank targets until 2025.

In the US, the U.S. government posted a USD 1.695 trillion budget deficit in fiscal 2023, a 23% jump from the prior year as revenues fell and outlays for Social Security, Medicare and record-high interest costs on the federal debt rose. The Treasury Department said the deficit was the largest since a COVID-fueled USD 2.78 trillion gap in 2021. It marks a major return to ballooning deficits after back-to-back declines during President Joe Biden's first two years in office.

In regional news, Egypt inflation hit a fresh record, offering little respite for consumers in the Middle East's most populous country ahead of December's presidential elections. Consumer-price growth in urban parts of the country accelerated to an annual 38% from 37.4% the previous month, the state-run CAPMAS statistics agency said. Moreover, Saudi Arabia's economy shrunk by 4.5% year-on-year in the third quarter, according to preliminary data, after the kingdom cut oil production to push up prices. It is the first contraction in Saudi Arabia's quarterly growth since the start of 2021. Non-oil growth, the main driver of employment and in which Crown Prince Mohammed bin Salman is investing trillions of dollars, grew 3.6%, according to the General Authority for Statistics.

In issuance news, the Islamic Development Bank, rated Aaa/AAA/AAA by Moody's/S&P/Fitch, has mandated a number of banks as joint lead managers and book runners to arrange a 5-year fixed rate Regulation S EUR benchmark Sukuk issuance under IsDB's USD 25 billion Trust Certificate Issuance Program. Furthermore, PIF issued a dual tranche USD sukuk and raised USD3.5 billion. The USD2.25 billion 5-year tranche was issued at a final profit rate of 6% (UST + 120 bps) and USD1.25 billion 10-year tranche was issued at a final profit rate of 6.25% (UST + 140 bps).

In rating updates, Egypt's credit score was downgraded by Moody's Investors Service to one of the lowest rungs of speculative grade amid what the increasingly constrained policy options to rebalance the economy without aggravating social risks. Moody's lowered its assessment of Egypt's sovereign debt by one notch to Caa1, concluding a review for downgrade initiated in May. The outlook is stable. Furthermore, Morocco's long-term foreign currency debt rating was affirmed by Fitch at BB+, one level below investment grade. Outlook remains stable.



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The Fund was 97.90% invested at the end of October, with an estimated average yield to maturity of 2.86% and an estimated average maturity of 3.29 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.

