

IIAB Sukuk & Murabaha MENA Fund

A protected cell of the IIAB PCC Ltd

Performance Report 31.12.19

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

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	8,010,934	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

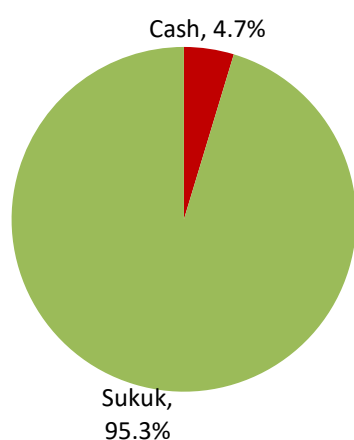
MONTHLY PERFORMANCE (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Y.T.D.
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
Benchmark	0.23	0.23	0.22	0.22	0.21	0.21	0.19	0.19	0.18	0.17	0.16	0.16	2.40
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
2015	0.39	0.37	-0.33	0.56	0.21	-0.57	0.49	-0.51	-0.10	0.04	-1.36	-0.10	-0.91
2014	0.12	0.29	-0.10	0.19	0.27	-0.17	0.12	0.21	-0.44	-0.21	0.27	-1.05	-0.51

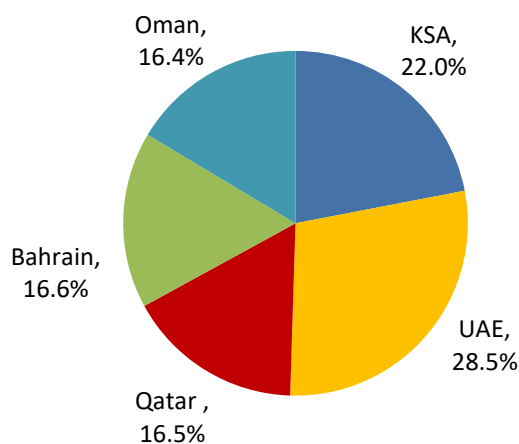
ASSET ALLOCATION (%)

	Actual
Cash	4.7%
Sukuk	95.3%

ASSET ALLOCATION



GEOGRAPHIC ALLOCATION (SUKUK)

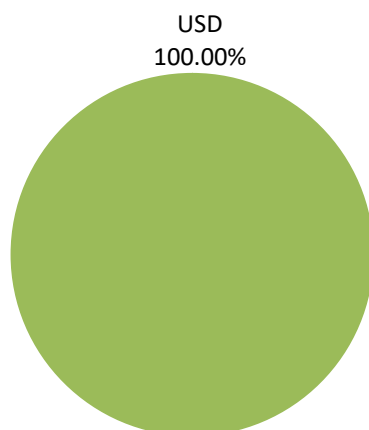


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CURRENCY ALLOCATION



TOP TEN HOLDINGS

Oman Sovereign Sukuk	9.48%
Mumtalakat Sukuk Holding	9.39%
CBB International Sukuk	6.45%
State of Qatar Sukuk	6.45%
First Abu Dhabi Bank Sukuk	6.45%
Dubai Islamic Bank Sukuk	6.37%
Kingdom of Saudi Arabia Sukuk	6.34%
Saudi Electric Co. Sukuk	6.30%
Sharjah Islamic Bank Sukuk	6.26%
Qatar Islamic Bank Sukuk	6.24%

COMMENTARY

Sukuk prices improved this month, once again rising with equities. Emerging market Sukuk managed to outperform global Sukuk, with the S&P MENA Sukuk Index gaining 0.43% (YTD +10.30%), while the global Dow Jones Sukuk Index edged up by 0.04% (YTD +6.87%).

The net asset value (NAV) of the IIAB Sukuk & Murabaha MENA Fund stood at USD 9.18 at the end of December, 0.39% higher for the month. On a year-to-date basis, the Fund was up by 6.68%, outperforming the annualized 3-Month USD LIBOR during the year.

Saudi Arabia issued SAR5.099 billion domestic Sukuk in December under the Saudi Arabian government SAR-denominated Sukuk program. The issuance was divided into four tranches; the first tranche had a size of SAR159 million and matures in 2025, the second had a size of SAR1.183 billion and matures in 2030, the third had a size of SAR663 million and matures in 2034, and finally, the fourth tranche had a size of SAR3.093 billion and matures in 2049.

In other developments, Saudi Arabian Minister of Finance and Chairman of the Board of the General Authority of Zakat and Tax (GAZT), Mohammed Al-Jadaan, approved that the state bear the zakat and income tax ensuing from investing in Sukuk and debentures that are issued by the Ministry of Finance locally in Saudi Riyals until their due date.

In credit rating updates, Moody's Investors Service forecast moderate growth for Jordan of 2.4% per year until 2022 in its annual update. The agency maintained a B1 credit rating with a stable outlook on the country's sovereign debt, saying reforms had been supportive of its rating.

Two Federal Reserve policy makers reiterated that interest rates are on hold unless there is a material change in the outlook for the US economy. Dallas and Boston's Fed Presidents reinforced the message from the U.S. central bank that policy makers believe they have done enough to support growth following three consecutive rate cuts. The general consensus is that the U.S. economy will have weak manufacturing in 2020, sluggish global growth, sluggish business investment, but a strong consumer. According to the policy makers, there would have to be material change from that outlook for them to back a rate change.

The Fund closed the month positioned with an overall weighted average maturity of 3.04 years, and a weighted average yield to maturity (YTM) of 2.93%.



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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.

