

IIAB Sukuk & Murabaha MENA Fund

Performance Report 30.11.20

A protected cell of the IIAB PCC Ltd

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	8,169,237	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

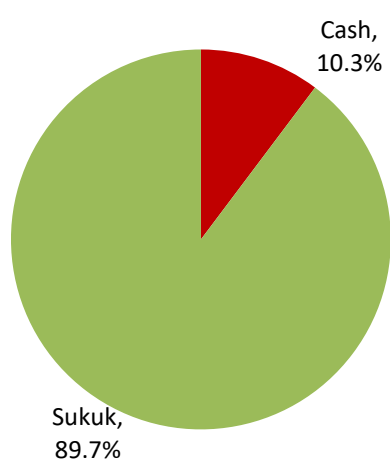
MONTHLY PERFORMANCE (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Y.T.D.
2020	0.52	-0.16	-4.83	1.66	1.00	1.43	0.72	0.52	0.03	0.35	0.88		1.98
Benchmark	0.16	0.15	0.12	0.12	0.05	0.03	0.03	0.02	0.02	0.02	0.02		0.18
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
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

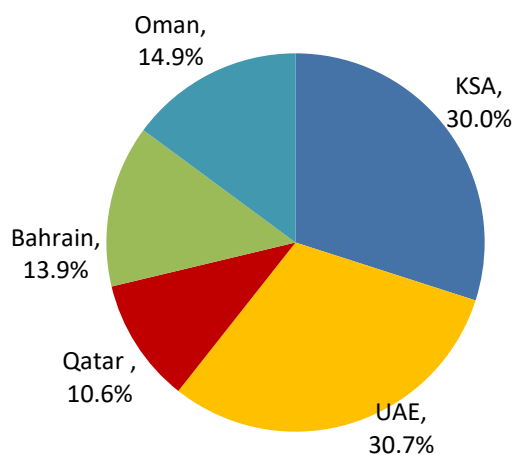
ASSET ALLOCATION (%)

	Actual
Cash	10.3%
Sukuk	89.7%

ASSET ALLOCATION



GEOGRAPHIC ALLOCATION (SUKUK)

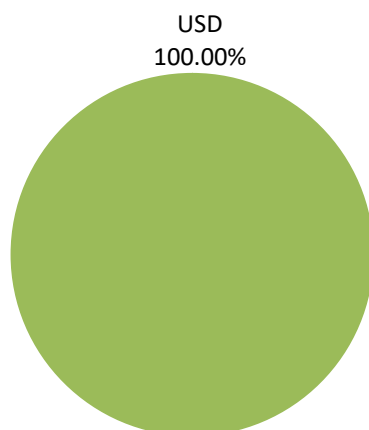


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CURRENCY ALLOCATION



TOP TEN HOLDINGS

OMAN SULTANATE	9.34%
Sharjah Islamic Bank Sukuk	8.71%
First Abu Dhabi Bank Sukuk	6.47%
State of Qatar Sukuk	6.44%
Dubai Islamic Bank Sukuk	6.39%
Saudi Electric Co. Sukuk	6.31%
Kingdom of Saudi Arabia	6.30%
CBB International Sukuk Company	6.28%
CBB International Sukuk Company	6.22%
Arabian Centres	5.96%

COMMENTARY

The Sukuk indices had a good month in November though, admittedly, the gains were not as eye-popping as the ones achieved by their equity counterparts. The Dow Jones Sukuk Index gained 0.73% (YTD 4.00%), and the S&P MENA Sukuk Index posted a gain of 0.79% (YTD 6.41%). The IIAB Sukuk & Murabaha MENA Fund followed suit, going up by 0.88% (YTD 1.98%).

Major news in November included an updated mandate to the Saudi Central Bank to include supporting economic growth as one of its prime objectives, formally changing its fundamental operating principles for the first time in more than 60 years. The new responsibilities will include support of economic growth as an explicit element in the central bank's mandate is meant to cover evolving variables such as financial innovation, which has the potential to foster economic growth if steered in the appropriate direction.

In one of the largest corporate issuances to be witnessed by the region, Saudi Arabia's ACWA Power International, half-owned by the kingdom's sovereign wealth fund, is planning to raise about USD1 billion by selling Islamic bonds early next year. The sukuk, will be used to help fund ACWA's share of an USD8 billion acquisition of gasification and power assets at Jazan on Saudi Arabia's west coast. Meanwhile, Dubai Aerospace Enterprise (DAE), one of the world's biggest aircraft leasing companies, sold USD750 million in sukuk with a tenor of five and a quarter years at 3.875%. Furthermore, Dubai Islamic Bank, the United Arab Emirates' largest Islamic lender, sold USD1 billion in Additional Tier 1 sukuk, at 4.625%.

In sovereign issuance news, Saudi Arabia has no plans to tap international debt markets again this year as the kingdom leans on domestic borrowing to cover its budget deficit, Finance Minister Mohammed Al-Jadaan said. The world's largest crude exporter is relying on more borrowing as it grapples with the impact of the twin economic shocks caused by oil market turmoil and the coronavirus pandemic. Overall debt issuance from the Gulf so far this year has already surpassed last year's total, again topping USD100 billion and setting a new record as borrowers - especially governments - seek to bolster their finances.

In rating news, ratings agency Fitch revised its outlook on Saudi Arabia to negative from stable, citing weakening fiscal and external balance sheets, but maintained its core 'A' rating. The world's top oil exporter, whose finances have been hurt by the coronavirus pandemic and lower crude prices, could see its budget deficit widen to 12.8% of GDP this year from 4.5% in 2019. Meanwhile, Bahrain's long-term foreign currency debt rating was affirmed by S&P at B+. Outlook remains stable.

In addition, in commodities, the International Energy Agency cut forecasts for global oil demand amid new lockdown measures and cautioned that the vaccine breakthrough won't quickly revive markets. While crude prices rallied to a 10-week high on news of Pfizer Inc.'s progress, fuel use won't experience any "significant" boost from vaccines until the second half of next year according to the agency.

The Fund closed the month positioned with an average yield to maturity of 2.30% and an average maturity of 2.65 year.



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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

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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.

