

IIAB Sukuk & Murabaha MENA Fund

Performance Report 31.01.22

A protected cell of the IIAB PCC Ltd

NAV PER SHARE

\$9.34

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	8,149,451	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

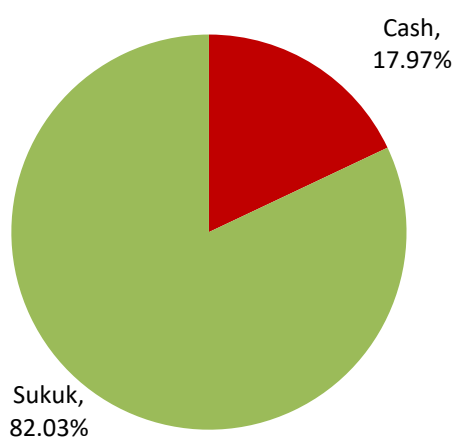
MONTHLY PERFORMANCE (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Y.T.D.
2022	-0.54												-0.54
Benchmark	0.02												0.02
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

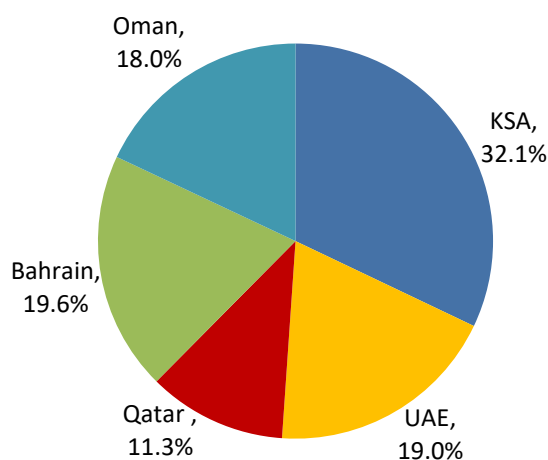
ASSET ALLOCATION (%)

	Actual
Cash	17.97%
Sukuk	82.03%

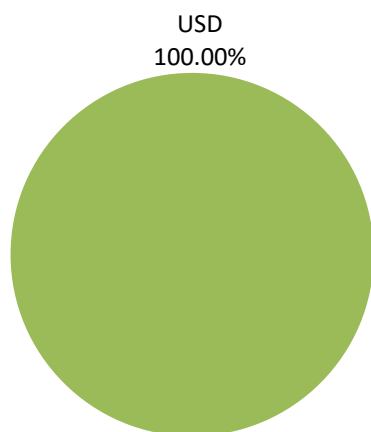
ASSET ALLOCATION



GEOGRAPHIC ALLOCATION (SUKUK)



CURRENCY ALLOCATION



TOP TEN HOLDINGS

CBB International Sukuk Company	9.99%
OMAN SULTANATE	9.46%
First Abu Dhabi Bank Sukuk	6.29%
State of Qatar Sukuk	6.27%
Dubai Islamic Bank Sukuk	6.26%
Saudi Electric Co. Sukuk	6.16%
Kingdom of Saudi Arabia	6.16%
CBB International Sukuk Company	6.14%
Arabian Centres	6.00%
KSA Sukuk Limited	5.04%

COMMENTARY

Imminent interest rate hikes to combat spiraling inflation has negatively impacted fixed-income assets as it began 2022 with a hammering. During January, the Dow Jones Sukuk Index has shed 1.87% while the S&P MENA Sukuk Index posted a loss of 1.46%. The IIAB Sukuk & Murabaha MENA Fund managed to outperform both benchmark indices for the month, going down by 0.54%.

Federal Reserve Chair Jerome Powell said the central bank was ready to raise interest rates in March and didn't rule out moving at every meeting to tackle the highest inflation in a generation, while noting that officials have not made any decisions about the path of policy because it needs to be nimble.

In other news, S&P Global Ratings said it expects global sukuk issuance volumes to be flat at best in 2022, amid decreasing liquidity and rising borrowing costs, as well as higher oil prices cutting some core Islamic finance countries' funding needs. While economic transformation goals such as Saudi Arabia's Vision 2030 may usher in some sukuk opportunities, S&P sees volumes at about USD145 billion-USD150 billion in 2022 from USD147.4 billion last year, which fell by USD1 billion from 2020 levels.

In regional news, Abu Dhabi's state energy company plans to raise about USD3 billion to USD5 billion from a debut bond sale this year, according to people familiar with the matter. Abu Dhabi National Oil Co. executives told debt investors during a call that they're considering setting up a multi-year bond program of around USD15 billion. Furthermore, Saudi Arabia plans to keep its overall debt level stable this year with borrowing largely focused on SAR43 billion riyals (USD11.4 billion) in debt refinancing, as rising oil prices and rebounding growth fill state coffers with surplus cash. The kingdom may consider additional funding through domestic or international markets, the National Debt Management Center said in a statement.

In Issuance news, Qatar's government is planning to issue its first green bond as one of the world's largest liquefied natural gas exporters seeks to tap into a booming global market for sustainable debt, people with knowledge of the matter said. Officials at the Ministry of Finance are in early talks with international banks to potentially raise billions through green bonds. Moreover, Bahrain-based Infracorp, an infrastructure fund spun out of asset manager GFH Financial Group, aims to issue around USD800 million in perpetual green sukuk - in the first quarter of 2022, GFH's chief executive said. Finally, Saudi National Bank, the kingdom's largest lender that is 50.4% indirectly owned by the government, sold USD750 million in debut sustainable sukuk on Wednesday after demand topped USD3.2 billion, a bank document showed. The five-year Islamic bonds launched at 85 basis points (bps) over US Treasuries, tightened from initial price guidance of around 110 bps over.

In ratings' updates, the Standard & Poor's Global Ratings affirmed its long- and short-term foreign and local currency sovereign credit ratings on Kuwait at "A+/A-1", with negative outlook. The negative outlook primarily reflects risks over the next 12-24 months relating to the government's ability to overcome the institutional roadblocks preventing it from implementing a financing strategy for future deficits according to the agency. At the same time, the country was downgraded by Fitch Ratings, which cited ongoing political constraints on decision-making in the oil-rich nation. The credit rating was cut one level to AA-. Constraints on decision-making has hindered addressing structural challenges related to heavy oil dependence, a generous welfare state and a large public sector, Fitch said.



IIAB Sukuk & Murabaha MENA Fund

Performance Report 31.01.22

A protected cell of the IIAB PCC Ltd

On the other hand Saudi Electricity Company (SEC) has announced that it has got a credit rating upgrade from Fitch with a stable outlook. The upgrade from A- to A matches Saudi Arabia's sovereign credit rating. The international agency emphasized that the new classification was driven by the result of the improvement of the company's independent credit record.

The Fund closed the month positioned with an average yield to maturity of 1.61% and an average maturity of 1.82 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.

