

# IIAB Sukuk & Murabaha MENA Fund

Performance Report 31.12.20

A protected cell of the IIAB PCC Ltd

## NAV PER SHARE

\$9.42

## 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>	8,218,358	<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

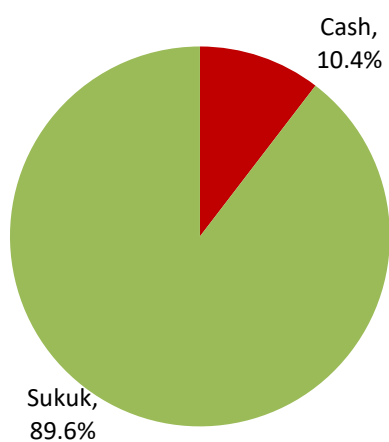
## MONTHLY PERFORMANCE (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Y.T.D.
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
Benchmark	0.16	0.15	0.12	0.12	0.05	0.03	0.03	0.02	0.02	0.02	0.02	0.02	0.20
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

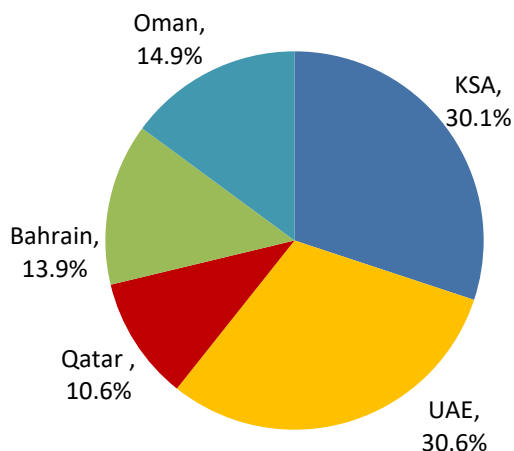
## ASSET ALLOCATION (%)

	Actual
Cash	10.4%
Sukuk	89.6%

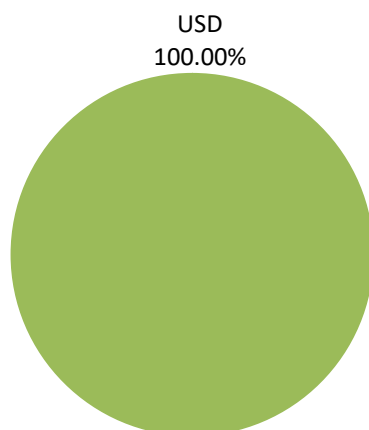
## ASSET ALLOCATION



## GEOGRAPHIC ALLOCATION (SUKUK)



## CURRENCY ALLOCATION



## TOP TEN HOLDINGS

OMAN SULTANATE	9.36%
Sharjah Islamic Bank Sukuk	8.66%
First Abu Dhabi Bank Sukuk	6.44%
State of Qatar Sukuk	6.40%
Dubai Islamic Bank Sukuk	6.36%
Saudi Electric Co. Sukuk	6.28%
Kingdom of Saudi Arabia	6.26%
CBB International Sukuk Company	6.26%
CBB International Sukuk Company	6.23%
Arabian Centres	6.13%

## COMMENTARY

The Sukuk indices carried the gains of November throughout December to close the year on a high as more cash was pumped through major economies to combat coronavirus impacts. The Dow Jones Sukuk Index gained 0.33% (YTD 4.34%), and the S&P MENA Sukuk Index posted a gain of 0.69% (YTD 7.14%). The IIAB Sukuk & Murabaha MENA Fund followed the general direction, going up by 0.60% (YTD 2.59%).

Major news in December were headlined by congressional leaders reaching a deal on a roughly USD900 billion spending package to bolster the US economy amid the continued coronavirus pandemic giving lawmakers a short timetable to review and pass the second largest economic-rescue measure in the nation's history. The plan would provide direct payments of USD600 to most Americans and USD300-per-week in enhanced unemployment benefits through March 2021. Meanwhile in the UK, the country published the text of its narrow trade agreement with the European Union just five days before it exits one of the world's biggest trading blocs in its most momentous global shift since the loss of empire. The trade agreement came after months of wrangling and threats of breaking away without a deal in an agreement both sides hailed as 'fair'.

In regional news, Dubai announced an expansionary budget for 2021, Dubai's government expects to spend AED57.1 billion (USD15.5 billion) next year as it tries to mitigate the impact of the coronavirus. More spending was needed as The United Arab Emirates will likely suffer a deeper economic contraction in 2020 than previously estimated, hurt by disruptions caused by the coronavirus pandemic and lower oil prices. Gross domestic product in the Arab world's second-largest economy is estimated to shrink about 6% in 2020, compared with a previous forecast for a decline of 5.2%, the central bank said in its quarterly review.

Also in Saudi Arabia the spending plans for next year would be expansionary, as it leans more heavily on government-controlled funds to make up for cuts to a finance ministry budget battered by a decline in oil prices and the coronavirus pandemic. The kingdom will stick to its plan to cut spending by 7.3% in 2021 after its deficit widened dramatically this year, according to the annual budget statement.

Meanwhile, according to the International Monetary Fund's latest assessment of the country's financial health, growing natural gas production and a rebound in domestic demand will help Qatar return to economic growth next year. Gross domestic product will grow 2.7% in 2021 following a contraction of 2.5% this year, the IMF said in a statement.

In issuance news, Egypt has approached investment banks to advise on a plan to raise as much as USD7 billion from international debt markets in the first half of next year, according to people familiar with matter. The request for proposal is being sent to banks. The offering could include dollar and euro-denominated bonds. Meanwhile, Boubyan Bank obtained approval from Kuwait's Capital Markets Authority to issue AT1 sukuk of as much as USD500 million or its equivalent in other currencies. The lender will draft prospectus if it decides to offer the sukuk according to Bloomberg.



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In commodities, the International Energy Agency sees crude glut enduring to end-2021 amid strained demand. The crude-oil glut left behind by the pandemic will clear by the end of next year, as markets face a gradual recovery marked by renewed strains on demand, the Agency said.

The Fund closed the month positioned with an average yield to maturity of 2.06% and an average maturity of 2.50 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.

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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.

