

IIAB Sukuk & Murabaha MENA Fund

A protected cell of the IIAB PCC Ltd

Performance Report 31.12.21

NAV PER SHARE

\$9.39

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 | 8,193,717 | 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 |

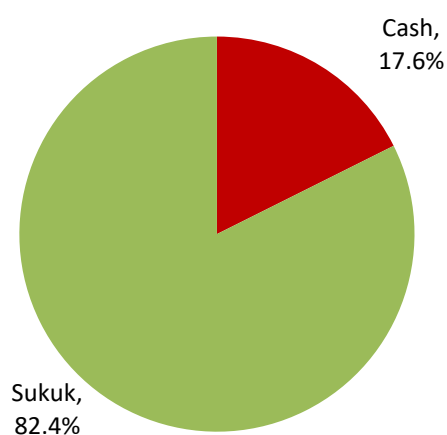
MONTHLY PERFORMANCE (%)

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Y.T.D. |
|-----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|------|--------|
| 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 |
| Benchmark | 0.02 | 0.02 | 0.02 | 0.02 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.16 |
| 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 |
| 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 |

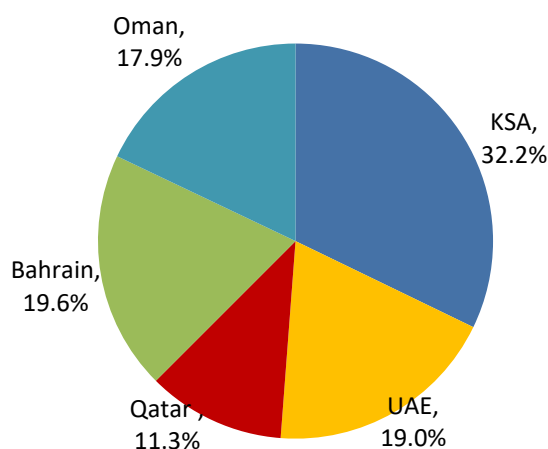
ASSET ALLOCATION (%)

| | Actual |
|-------|--------|
| Cash | 17.6% |
| Sukuk | 82.4% |

ASSET ALLOCATION



GEOGRAPHIC ALLOCATION (SUKUK)

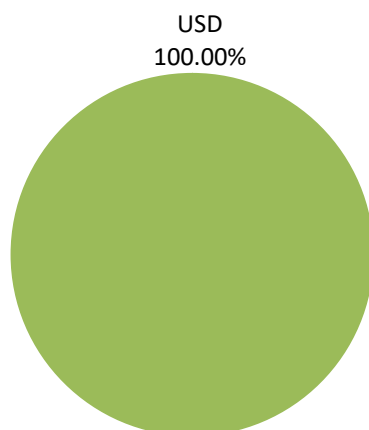


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CURRENCY ALLOCATION



TOP TEN HOLDINGS

| | |
|---------------------------------|--------|
| CBB International Sukuk Company | 10.02% |
| OMAN SULTANATE | 9.45% |
| First Abu Dhabi Bank Sukuk | 6.31% |
| State of Qatar Sukuk | 6.26% |
| Dubai Islamic Bank Sukuk | 6.26% |
| Saudi Electric Co. Sukuk | 6.16% |
| Kingdom of Saudi Arabia | 6.15% |
| CBB International Sukuk Company | 6.15% |
| Arabian Centres | 6.07% |
| KSA Sukuk Limited | 5.13% |

COMMENTARY

MENA Fixed income markets recovered from November's dip during the month of December, the Dow Jones Sukuk Index rose 0.17% (YTD -2.04%), while the S&P MENA Sukuk Index gained 0.56% (YTD 1.35%) to end the year. The IIAB Sukuk & Murabaha MENA Fund also ended the month on a positive note, going up by 0.19% (YTD -0.30%).

In major news for the month of December, the US Federal Reserve intensifying their battle against the hottest inflation in a generation by shifting to end its asset-buying program earlier and signaling it favors raising interest rates in 2022 at a faster pace than expected. Heralding one of the most hawkish policy pivots in years, the central bank said it will double the pace at which it's scaling back purchases of Treasuries and mortgage-backed securities to USD30 billion a month, putting it on track to conclude the program in early 2022, rather than mid-year as initially planned.

In other global news, the International Monetary Fund Managing Director Kristalina Georgieva expects the organization to pare back its expectations for the global economic rebound as the number of Covid-19 cases attributable to the new Omicron strain picks up. The Washington-based IMF in October predicted that the global economy would expand 4.9% in 2022. For 2021, it had trimmed its outlook to 5.9%.

In regional news, Saudi Arabia boosted its revenue forecast for next year, with higher oil prices and production volumes poised to deliver the first surplus since 2013. Revenue next year is set to reach more than 1 trillion riyals (USD267 billion), up from 903 billion riyals in a forecast published in September, according to a Finance Ministry statement. The kingdom expects to record a surplus of 90 billion riyals next year, putting it 12 months ahead of a plan to balance the budget by 2023, helped by soaring oil revenues, spending cuts and higher taxes.

Moreover, Qatar expects to spend 204.3 billion riyals (USD56.13 billion) in its 2022 budget and run a deficit of 8.3 billion riyals. The Gulf Arab country sees revenues of 196 billion riyals next year, based on an average oil price of USD55 per barrel, up from USD40 in 2021. On the other hand, Oman said it expects its budget deficit to reach 5% of gross domestic product (GDP) in 2022, well within the limits of a medium-term fiscal plan launched by the Gulf state last year to fix its heavily-indebted finances.

OPEC and its allies bowed to consumer pressure by proceeding with their scheduled oil-production hike, but said they could revisit the decision at any moment due to the tremendous uncertainty in the market. The group agreed to add 400,000 barrels a day of crude to global markets in January, a move that should please nations worried about high prices, notably the US. However, the cartel also left the door open to changing the plan at short notice.



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In rating updates, Ratings agency Fitch said on Monday it had revised Oman's outlook to "stable" from "negative" as higher oil prices and fiscal reforms improve the balance sheet of the heavily indebted Gulf state. A relatively small crude producer when compared to its wealthier Gulf neighbors, Oman is more sensitive to oil price swings, meaning it was hit especially hard by the pandemic-driven price crash in 2020. But higher oil prices this year along with fiscal reforms, are expected to narrow state deficits and contain debt levels over the next few years.

The Fund was 82.4% invested at the end of December, with an estimated average yield to maturity of 1.83% and an estimated average maturity of 1.89 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.

