

# IIAB Sukuk & Murabaha MENA Fund

Performance Report 28.06.19

A protected cell of the IIAB PCC Ltd

NAV PER SHARE

\$9.00

## 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	7,855,304	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

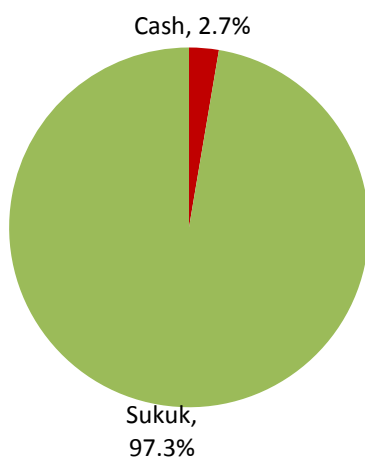
## MONTHLY PERFORMANCE (%)

	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							4.61
Benchmark	0.23	0.23	0.22	0.22	0.21	0.21							1.33
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

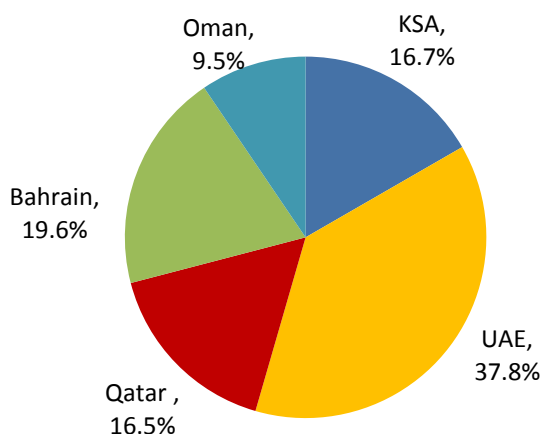
## ASSET ALLOCATION (%)

	Actual
Cash	2.7%
Sukuk	97.3%

## ASSET ALLOCATION



## GEOGRAPHIC ALLOCATION (SUKUK)

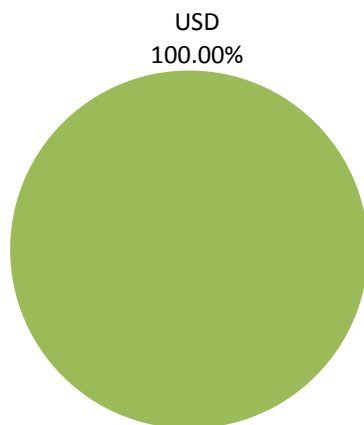


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## CURRENCY ALLOCATION



## TOP TEN HOLDINGS

Emaar Malls Group Sukuk LTD	9.83%
State of Qatar Sukuk	6.52%
First Abu Dhabi Bank Sukuk	6.51%
CBB International Sukuk Company	6.48%
Dubai Islamic Bank Sukuk	6.43%
Kingdom of Saudi Arabia	6.43%
Saudi Electric Co. Sukuk	6.35%
CBB International Sukuk Company	6.34%
Qatar Islamic Bank Sukuk	6.34%
Sharjah Islamic Bank Sukuk	6.33%

## COMMENTARY

MENA and global Sukuk markets improved this past month. The Dow Jones Sukuk Index rose 1.24% (YTD +5.09%) and the S&P MENA Sukuk Index gained 1.36% (YTD +6.53%). In turn, the IIAB Sukuk & Murabaha MENA Fund appreciated 0.86% (YTD +4.61%) to close the month at USD 9.00.

Investors' largest concern in June was the outcome of the U.S. Federal Open Market Committee (FOMC) meeting. The Fed left its benchmark interest rate unchanged. However, policymakers showed a shift in sentiment since the last meeting was held. Fed Chairman, Jerome Powell said other officials agree that the case for lower rates is building as downside risks to the U.S. economy have recently increased. Powell did not refer to the size of any potential cut, but he did say that he preferred the Fed act preemptively.

S&P Global Ratings released a report titled "The Sukuk Market Starts 2019 Well, But Activity Might Taper Off". The rating agency attributes the 17.6% boost in Sukuk issuance in the first five months of the year to high liquidity in Indonesia, Turkey's efforts to tap all available financing sources and the return of Qatari and Saudi Arabian issuers to the market. S&P expects Sukuk issuance of USD115 billion this year, which represents minimal growth over the USD114.8 billion seen in 2018, as the market may be held back by exceedingly selective investors and worsening geopolitical stability in the Middle East.

The Saudi government plans to regularly tap the international bond markets in the future, with plans to issue a Sukuk in U.S. dollars by the end of 2019. The Head of the Kingdom's Debt Management Office said they are looking at raising capital in other currencies including the euro, in addition to continuing to be an active issuer on dollar bond markets.

In terms of new issuances, Sharjah Islamic Bank (SIB) raised USD500 million from the sale of an Additional Tier 1 (AT1) perpetual Sukuk at a yield of 5.00%, after it received orders of up to USD5 billion. The yield this paper offered has been the lowest for an AT1 issuance in GCC history, according to a statement from SIB. The Bank is rated A3 by Moody's with a negative outlook.

The Fund closed the month positioned with an overall weighted average maturity of 3.29 years, and a weighted average yield to maturity (YTM) of 3.56%.



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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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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.

