

IIAB Sukuk & Murabaha MENA Fund

A protected cell of the IIAB PCC Ltd

Performance Report 29.11.19

NAV PER SHARE

\$9.14

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	7,979,533	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

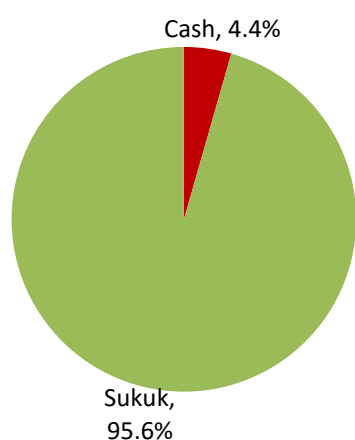
MONTHLY PERFORMANCE (%)

	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	1.01	0.54	0.02	0.03	-0.02		6.26
Benchmark	0.23	0.23	0.22	0.22	0.21	0.21	0.19	0.19	0.18	0.17	0.16		2.23
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

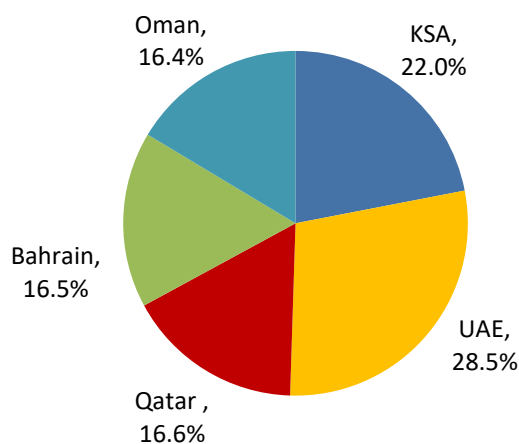
ASSET ALLOCATION (%)

	Actual
Cash	4.4%
Sukuk	95.6%

ASSET ALLOCATION



GEOGRAPHIC ALLOCATION (SUKUK)

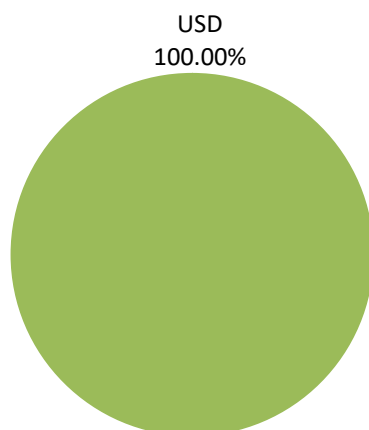


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CURRENCY ALLOCATION



TOP TEN HOLDINGS

Oman Sultanate	9.47%
Mumtalakat Sukuk Holding	9.41%
State of Qatar Sukuk	6.48%
First Abu Dhabi Bank Sukuk	6.47%
CBB International Sukuk Company	6.43%
Dubai Islamic Bank Sukuk	6.39%
Kingdom of Saudi Arabia	6.36%
Saudi Electric Co. Sukuk	6.31%
Sharjah Islamic Bank Sukuk	6.29%
Oman Sultanate	6.26%

COMMENTARY

MENA Sukuk prices have been fairly stable this month. The Dow Jones Sukuk Index, which tracks the performance of global Sukuk, lost 0.05% (YTD +6.83%), while the S&P MENA Sukuk Index, which tracks the performance of those in the MENA region, rose 0.25% (YTD +9.82%). The IIAB Sukuk & Murabaha MENA Fund retreated 0.02% (YTD +6.26%).

The Islamic Corporation for the Development of the Private Sector (ICD) released their Islamic Finance Development Report 2019, in which the ICD revealed that the Islamic finance industry's assets grew to USD2.5 trillion in 2018 from USD2.4 trillion in 2017, a rise of 3%. In contrast with other sectors, the global slowdown did not impede the growth of Sukuk as an asset class, as it rose 10% in 2018 to USD470 billion. The Sukuk market is developing the fastest in Saudi Arabia, driven by a government Sukuk program that has also encouraged greater corporate issuance. Launched in 2017, the program focuses on developing the domestic Sukuk market leading the Saudi government to reduce its reliance on conventional sovereign bonds. The market for green Sukuk, which first arose in Malaysia in 2017, continued to grow in 2019, with UAE's Majid Al Futtaim Group issuing the first green Sukuk in the GCC. According to the report, the emergence of new innovative Sukuk forms and structures can be expected as the market grows larger; 2018 and 2019 gave us waqf, blockchain-based Sukuk as well as gold-based Sukuk.

A number of new issuances were carried out in November, mostly from corporate issuers. Qatar International Islamic Bank (QIIB) raised USD300 million through an Additional Tier 1 perpetual Sukuk at a profit rate of 4.875%. At the same time, Dubai Islamic Bank (DIB) raised USD750 million through a new 5-year Sukuk, priced at 140 bps over mid-swaps. In Saudi Arabia, mall operator Arabian Centers (ACC) sold USD500 million in debut international Sukuk. The 5-year benchmark Sukuk received over USD1.45 billion in orders and the final profit rate was tightened to 5.375%.

While in prospective issues, Islamic Development Bank (IDB) hired banks to arrange investor meetings ahead of a potential issue of euro-denominated "green" Sukuk. The Jeddah-based financial institution has a triple-A credit rating.

In sovereign Sukuk developments, the government of the Sultanate of Oman mandated a number of local banks to establish an Omani Rial Sovereign Sukuk program and launch the first Sukuk under this program. As of the end of November, a 5-year and 7-year dual-tranche benchmark Sukuk are open for subscription for investors (until December 8) with a minimum investment of OMR100,000 for each.

The Fund closed the month positioned with an overall weighted average maturity of 3.12 years, and a weighted average yield to maturity (YTM) of 3.01%.



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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.

