

# IIAB Sukuk & Murabaha MENA Fund

Performance Report 30.11.18

A protected cell of the IIAB PCC Ltd

NAV PER SHARE

\$8.59

## 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, murabahas 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	USD 7,500,265	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

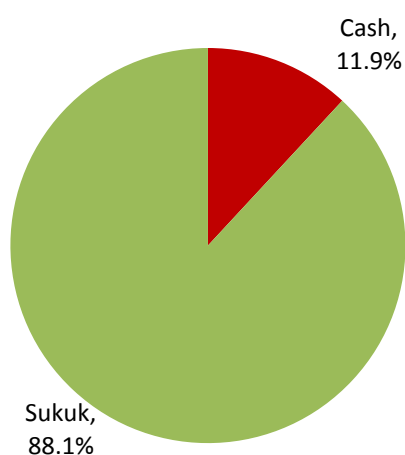
## MONTHLY PERFORMANCE (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Y.T.D.
2018	-0.23	-0.68	-0.30	-0.20	-0.40	0.09	0.69	0.24	0.18	-0.25	0.05		-0.80
Benchmark	0.14	0.15	0.17	0.19	0.20	0.19	0.19	0.19	0.19	0.20	0.21		2.05
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
2013	-0.15	-0.01	-0.08	0.45	-0.26	-1.03	-0.17	0.33	0.13	0.34	0.10	-0.10	-0.45

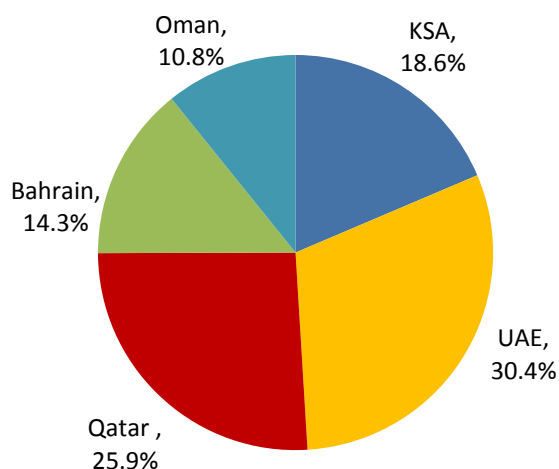
## ASSET ALLOCATION (%)

	Actual
Cash	11.9%
Sukuk	88.1%

## ASSET ALLOCATION



## GEOGRAPHIC ALLOCATION (SUKUK)

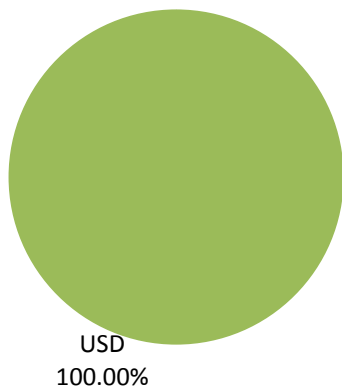


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## CURRENCY ALLOCATION



## TOP TEN HOLDINGS

Emaar Malls Group Sukuk LTD	9.76%
Ooredoo Tamweel LTD	6.66%
State of Qatar Sukuk	6.54%
Qatar Islamic Bank Sukuk	6.48%
Kingdom of Saudi Arabia	6.48%
Dubai Islamic Bank Sukuk	6.43%
OMAN SULTANATE 3.5%	6.43%
Saudi Electric Co. Sukuk	6.35%
Mumtalakat Sukuk Holding	6.32%
CBB International Sukuk Company	6.27%

## COMMENTARY

Sukuk markets in the region saw little activity, with the S&P MENA Sukuk Index rising by 0.20% (YTD -0.28%), while the broader Dow Jones Sukuk Index edged up 0.04% (YTD -3.97%). The IIAB Sukuk & Murabaha MENA Fund gained 0.05% (YTD -0.80%).

In Sukuk issuances, the International Islamic Liquidity Management Corporation closed its 2018 issuances with a three-month Sukuk worth USD600 million. The Sukuk was priced at a profit rate of 2.83%, compared to 2.70% on October's three-month issue, and received a strong order book of USD1.06 billion.

In the UAE, Abu Dhabi's General Holding Corporation (Senaat) issued its debut Sukuk. The company raised USD300 million through a seven-year US Dollar-denominated Sukuk. Final pricing for the 'A' rated (Fitch) company's issue was set at 170 bps over mid swaps, i.e. at a profit rate of 4.76%. The order book for the sale reached about USD2.8 billion. Moreover, NMC Healthcare raised USD400 million through a five-year Sukuk. Final guidance was released at 6% for an expected issue size of USD300-350 million. However, due to a well-supported order book, the company was able to launch the deal with a size of USD400 million at a 5.95% profit rate.

In more news from the UAE, Al Hilal Bank executed the world's first Sukuk transaction using blockchain technology. The Islamic bank used the technology to sell and settle a portion of its USD500 million five-year Sukuk (issued in September) in the secondary market. According to the bank's spokesperson, Al Hilal Bank is "aiming to transform the sukuk market through embracing blockchain and integrating it into their infrastructure".

In Saudi Arabian issuances, Jabal Omar Development Co., a Mecca property developer, privately placed five-year Sukuk Al Mudaraba "for general corporate purposes". The unsecured securities carry a 9.85% profit rate, callable after two years.

The abovementioned issuances aside, the Sukuk market was relatively calm in recent weeks as political and economic tensions continued to drive interest rates up. The worsening economic conditions across emerging markets led several issuers to delay their debt-raising plans. Saudi Arabia's Almarai delayed a sale of international dollar-denominated Sukuk because it would have had to pay a higher premium to reflect the general market volatility and, more specifically, the country's higher borrowing costs in the aftermath of the murder of Journalist Jamal Khashoggi. The Gulf's biggest dairy company had hired banks to arrange the deal, which would have been the company's debut in international debt markets, but sources say the deal has been postponed until next year.

The Fund closed the month positioned with an overall weighted average maturity of 3.01 years, and a weighted average yield to maturity (YTM) of 4.98%.



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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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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.

