

IIAB Sukuk & Murabaha MENA Fund

Performance Report 31.01.19

A protected cell of the IIAB PCC Ltd

NAV PER SHARE

\$8.70

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	7,597,085	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

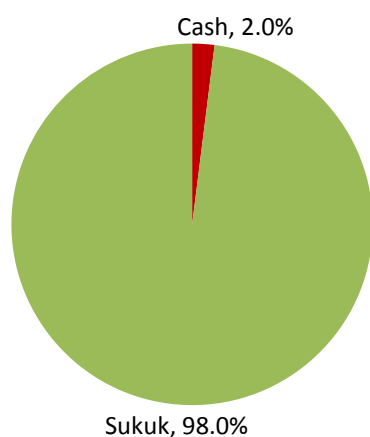
MONTHLY PERFORMANCE (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Y.T.D.
2019	1.17												1.17
Benchmark	0.23												0.23
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

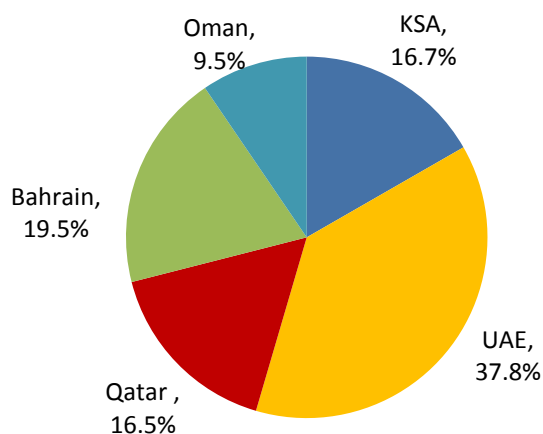
ASSET ALLOCATION (%)

	Actual
Cash	2.0%
Sukuk	98.0%

ASSET ALLOCATION



GEOGRAPHIC ALLOCATION (SUKUK)

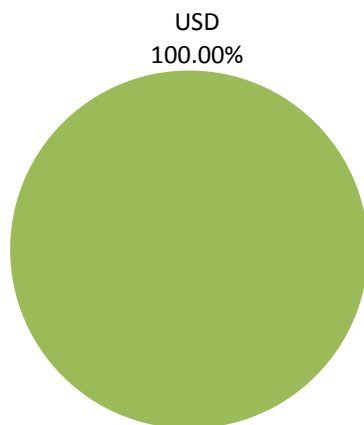


IIAB Sukuk & Murabaha MENA Fund

A protected cell of the IIAB PCC Ltd

Performance Report 31.01.19

CURRENCY ALLOCATION



TOP TEN HOLDINGS

Emaar Malls Group Sukuk LTD	9.85%
State of Qatar Sukuk	6.56%
First Abu Dhabi Bank Sukuk	6.55%
Kingdom of Saudi Arabia	6.47%
Qatar Islamic Bank Sukuk	6.44%
Dubai Islamic Bank Sukuk	6.43%
CBB International Sukuk Company	6.42%
Sharjah Islamic Bank Sukuk	6.41%
Mumtalakat Sukuk	6.37%
Saudi Electric Co. Sukuk	6.36%

COMMENTARY

January saw a positive start to the Sukuk markets this year. The Dow Jones Sukuk Index rose by 1.19% while the region specific S&P MENA Sukuk Index appreciated by 1.39%. The IIAB Sukuk & Murabaha MENA Fund rose by 1.17 for the month to close at USD8.70.

Rating agency S&P Global expects the value of UAE Sukuk issuances to reach AED29.4 billion (USD8 billion) this year, compared to AED33.4 billion in 2018. The private sector is expected to issue the majority of the Sukuk, an S&P analyst added. The demand for financing is also projected to rise in most GCC countries in 2019 and the agency forecasts the value of GCC Sukuk to be in the range of USD47-48 billion.

First Abu Dhabi Bank (FAB) was the first issuer in the Gulf to tap the international Sukuk market in 2019. The bank, rated 'AA-' by S&P and Fitch, raised USD850 million through a five-year Sukuk at 130 bps over mid-swaps. The debt sale was expected to be set at USD750 million but was later increased by USD100 million as orders climbed above USD2.8 billion during the day.

Another active issuer in the UAE was Dubai Islamic Bank (DIB), which raised USD750 million through the sale of Additional Tier 1 (AT1) Sukuk. DIB, the UAE's largest and the world's second largest Islamic bank by assets, is rated 'A3' by Moody's and 'A' by Fitch, both with stable outlooks. The new Sukuk are perpetual and non-callable for a six-year period. The paper garnered more than USD3.4 billion in orders and the profit rate was set at 6.25%. DIB later listed the Sukuk on NASDAQ Dubai, making it NASDAQ Dubai's first Sukuk listing of 2019 and DIB's seventh on the exchange.

The Saudi Arabian private sector remained inactive in January but the Saudi Finance Ministry issued SAR7.1 billion (USD1.89 billion) in Sukuk. The ministry sold SAR5.37 billion (USD1.43 billion) in domestic Sukuk under the ministry's monthly Sukuk program, in addition to SAR1.725 billion in Sukuk by reopening a previous issue originally made in September last year.

Major central banks have adopted a more downbeat view of the global economy leading investors to lower their expectations for monetary tightening. The G-3 central banks – the U.S. Federal Reserve, the European Central Bank, and the Bank of Japan – are signaling a wait-and-see approach. Moody's Investors Service expects the Fed to hike rates twice this year, and predicts the ECB will delay increasing deposit facility and refinancing rates until 2020.

The Federal Reserve, in its first policy-setting meeting of 2019, decided to keep the federal funds rate at a range of 2.25% to 2.50%. Fed governors went so far as to suggest they may pause any further rate hikes. Chairman Jerome Powell, however, assured that the decision was made not due to concerns about the U.S. economy, which remains near full-employment, but rather due to outside factors such as a slowdown in China and Europe, ongoing trade tensions, and the effects of the US government shutdown.



IIAB Sukuk & Murabaha MENA Fund

Performance Report 31.01.19

A protected cell of the IIAB PCC Ltd

The Fund closed the month positioned with an overall weighted average maturity of 3.72 years, and a weighted average yield to maturity (YTM) of 4.25%.

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.

This fact sheet is issued by AB Fund Managers (Guernsey) Ltd. IIAB Sukuk & Murabaha MENA Fund is a Cell of IIAB PCC Ltd, AB Fund Managers (Guernsey) Ltd and IIAB PCC Ltd are licensed and regulated by the Guernsey Financial Services Commission. AB Fund Managers (Guernsey) Ltd is a wholly-owned subsidiary of the Arab Bank Group which is headquartered in Amman, Hashemite Kingdom of Jordan.

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.

