Rasmala Long Income Fund

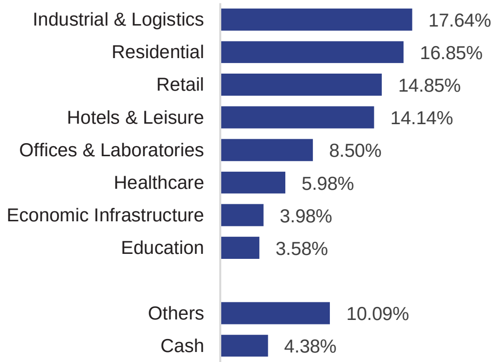
Class A USD INC

November 2021

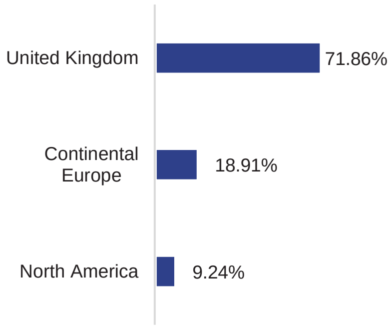
Investment Objective

The Fund aims to generate secure income and some capital growth by investing into a diversified portfolio of long income Real Estate, Social and Infrastructure assets primarily located in the United Kingdom. The Fund invests in listed Real Estate and Infrastructure Funds, Open Ended Funds as well as Direct Investments. Income and realized capital gains are distributed on a monthly basis.

Sector Allocation



Geographical Allocation

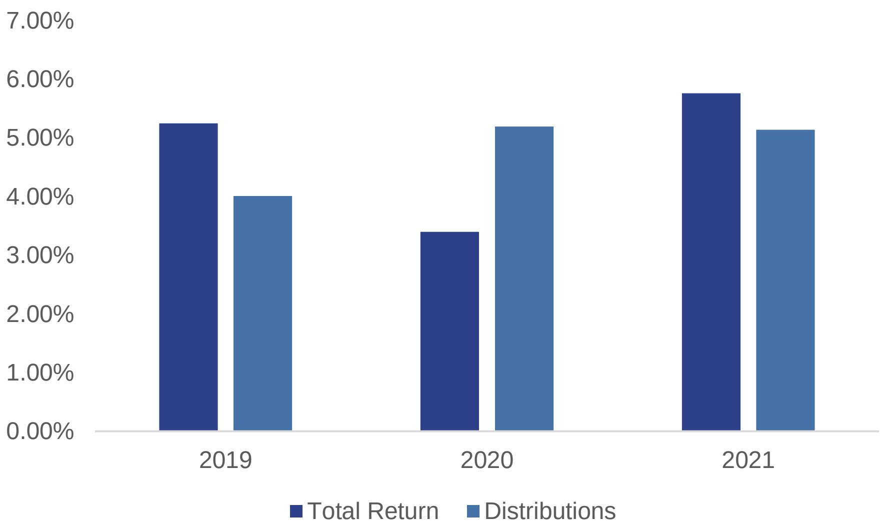


Source: Rasmala Real Estate Team

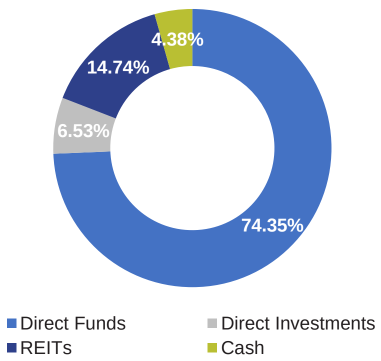
Fund Information

Asset Type	Real Estate
Fund Currency	United States Dollars
Net Asset Value	USD 267 million
Domicile	Cayman Islands
Investment Manager	Rasmala Investment Bank Limited
Portfolio Manager	Ruggiero Lomonaco
Administrator	Apex Fund Services Ltd.
Auditor	PricewaterhouseCoopers
Legal Advisors	Maples & Calder LLP
Sharia Advisor	Dar Al Sharia Limited
Inception Date	18 December 2018
Structure	Open-Ended
Dealing Frequency	Daily
Dividend Frequency	Monthly
Redemption Notice Period	5 Days
WAULT (years)	53.30

Performance



Portfolio Composition



Cumulative Net Performance (%)

	Total Return	Distributions
2019	5.25	4.01
2020	3.40	5.19
2021	5.76	5.14

Source: Rasmala's internal performance measurement team. Please note: Performance is net of fees and expenses based on the Rasmala Long Income Fund A USD Income share class which was launched on 3rd March 2019. Historical performance is not and should not be construed as being indicative for the future or likely performance.

Rasmala Long Income Fund

Portfolio Manager Commentary

The Rasmala Long Income Fund has achieved its target of delivering a net total return of 5% one month ahead of schedule and, with the introduction of a new liquidity mechanism, is now able to process subscriptions and redemptions at the same dealing price without the application of dilution adjustments or bid-offer spreads.

The Fund's primary objective is to pay a regular monthly income by investing in a diversified portfolio of Real Estate, Social and Economic Infrastructure with long leases or long offtake agreements.

The security of the income is underpinned by the length of the underlying contractual agreements as well as by various indexation mechanisms which cause the value of the investment portfolio to grow over time at a relatively predictable rate.

The risk-return profile of the Fund is comparable to "Core" real estate strategies with little or no-leverage used to enhance returns (on a look-through basis, the Fund currently has a net-cash position).

To have a better understanding of the merits of adding this product to a diversified portfolio, it is useful to compare the performance of the Fund to the Dow Jones Sukuk Index and evaluate whether the product has been able to add value to a diversified portfolio in terms of risk and return.

Source: Data retrieved from Bloomberg comparing class USD A ACC of the Fund with the Dow Jones Sukuk Index (ticker DJSUKUK Index) from 31 Dec 2018 to 30 Sep 2021. Past performance is no assurance of future results.

Based on the above comparison, the Fund has delivered an excess return of 0.93%p.a. versus the index, with less volatility. In particular, in March 2020, the Fund fell only 1.41% whereas the Dow Jones Index experienced a fall of 7.4%, a drop that hurt leveraged investors.

With inflation rampant in both developed and emerging markets, and central banks around the World poised for a change of gear in their monetary policies, (4) it will be interesting to see how Sukuks which tend to have fixed coupons and no inflation indexation, fare against Long Income Real Estate and Infrastructure which benefit from automatic rental escalations linked to inflation.

Portfolio composition

The Fund invests in a diversified portfolio comprising of both listed and non-listed assets, with the allocation skewed towards non-listed assets to keep volatility low. Liquidity is provided by the listed investments as well as by a programmatic divestment of non-listed investments.

Most non-listed investments is to Direct Funds which provide diversification and access to specialist investment management expertise.

Over the course of the year our focus has been to raise the liquidity buffer by initially reducing our Direct Investments, and more recently reducing our Direct Funds exposure, to increase our REITs exposure in order to accept subscriptions and redemptions at the same unit price.
These changes have enabled us to introduce a new enhanced liquidity mechanism to allow those investors who wish to redeem, to place redemptions via a monthly tender offer based on the closing unit price without the dilution adjustment.

Sector Allocation

The Fund invests in both Traditional and Alternative sectors, with a focus on specific sub-sectors where long income assets can be found.

For example, in the Residential sector the Fund focuses on Ground Rents were the WAULT is around 250 years, as well as specific areas of the Affordable Housing market where rents can be as long as 25-30 years.

Overall, the portfolio WAULT is 53.30 years as at 30 November.

Within the **Industrial & Logistics** space, the major source of demand for long leases comes from Retailers and third-party Logistics providers that want to secure the premises for as long as possible, without being exposed to continuous rental hikes. Demand from investors for these secure leases has caused yields of prime logistic assets with long leases to tip well below 4%. (1)

Despite this yield compression, investing in this type of asset still seems attractive given the future rental growth which is underpinning the growth of capital values. Furthermore, with most leases linked to inflation, it is possible to capture some form of income growth even before leases expire, when rents are typically reset to market level.

The Fund has taken some development exposure through projects primarily around Heathrow airport as well as to a number of properties approaching their lease renewal dates, which will reset rents to current market levels.

Within the **Residential** allocation the Fund has commenced a process of rotation of its exposure away from UK Ground Leases and towards UK and Irish Affordable Housing. About half of the exposure to Affordable Housing is to properties where occupiers are receiving government funding, and where the main counterparty is a Housing Association or the Government. The balance is equally split between Shared Ownership schemes and other tenures (e.g., temporary accommodation, keyworker housing, Private Rented Sector).

CBRE Investment Management projects that Affordable Housing will deliver a net total return of 6%p.a., comprising an income of 4%p.a. and 2%p.a. capital growth. (2) The portfolio rebalancing will reduce the WAULT of the Fund as Affordable Housing typically has WAULTs of 20-35 years, whereas Shared Ownership leases can exceed 99 years. (2)

Our **Retail** exposure consists primarily of UK Supermarkets with long, inflation linked leases. With UK inflation now officially running at 6%p.a. (4) and Supermarkets having found a firm footing within the new Digital Economy, this sub-sector is delivering attractive returns.

After a very difficult period during which **Hotels & Leisure** assets had experience losses of income and capital value, we are again starting to see these assets performing, with several Hotel assets in our portfolio increasing in value over the last three months. (4) As we approach the end of the grace period given to a number of hotel operators, we expect to see these properties to be income producing again.

The rest of the portfolio is allocated to **Offices & Laboratories, Healthcare, Infrastructure and Education assets**. Within these sectors we have identified a number of sub-sectors where we intend to increase our exposure over the next twelve months as part of our strategy to reduce reliance on the Industrial and Residential sectors as the main drivers of performance.

One sector where we have started to increase our exposure is Life Sciences. There has been an unprecedented amount of capital invested in this sector and there is virtually no vacancy in the UK and Europe to open a new laboratory. Our plan is to invest in a portfolio comprising of both income stabilized properties and development opportunities in the so-called "Golden Triangle" of Oxford, Cambridge and London.

Within the **Healthcare** sector our focus will be on **Care Homes,** primarily those that address the needs of the elderly, with a strategy focused on forward funding the development of properties pre-leased to well-known national operators. Another area of growth will be Primary Healthcare clinics (i.e., General Practitioners surgeries) where it is possible to secure long leases essentially backed by the UK and Irish Governments.

Within the **Infrastructure** sector our focus will be on **Datacenters**, **Renewable Energy and Sustainable Transportation**. As with all Infrastructure investments, we will invest not only in the assets, but also in the management companies which operate these assets, to make sure we are able to gain exposure to the growth opportunities of developing new assets.

Geographic Allocation

The Fund invests primarily in the United Kingdom where inflation-linked long leases are relatively common and where we have been able to identify relatively liquid Direct Funds to build our exposure.

Although in the long run we aim to have an equally balanced portfolio to diversify our sources of income, in the short to medium term the current geographic allocation is likely to remain unchanged as we privilege liquidity.

Source: Rasmala Real Estate Research Team

Outlook

Based on our outlook for GDP growth and inflation, we feel confident to reaffirm the 5%p.a. target for the next 5 year.

However, if inflation proves more persistent than currently anticipated, it is possible that both income and capital values of our portfolio assets might grow more than anticipated. Under such a scenario we may revise our target return and adjust monthly distributions accordingly.

Liquidity and redemption facility

The Fund currently operates under its normal daily dealing cycle, subject to the statutory cap on maximum redemptions equal to 10% of NAV.

Given the improved liquidity situation, the Directors of the Fund have approved a mechanism to accommodate the requirements of investors who wish to redeem without the application of the dilution adjustment.

To qualify for this facility, investors need to expressively request the investment manager to be added to a monthly queue prior to submitting a redemption request with the administrator.

Following the formation of the queue, the Fund will proceed to an orderly liquidation of the redemption requests over an extended period without application of the dilution adjustment.

Outside of this monthly redemption queues the Fund continues to accept daily redemption requests which are settled according to the ordinary dealing cycle, subject to a dilution adjustment.

Notes

1 – https://www.cbre.co.uk/research-and-reports/UK-Logistics-Market-Summary-Q3-2021
2 - CBRE Affordable Housing Fund, Marketing Presentation, Q3 2021
3 - www.ons.gov.uk - RPI All Items - Oct 21
4 - Rasmala Investment Bank Limited, internal performance measure based on data provided by TIME Investments.
5 - https://www.federalreserve.gov/newsevents.htm

For further information please contact our Client Services Team at +971 4 424 2700 or by email at clientservice@rasmala.com

Rasmala Long Income Fund

RASMALA

Subscription Information and Key Performance Indicators for Additional Share Classes (%)

Share Class	Price /Share 31/11/2021	MTD	YTD	Since Inception	Inception Date	Entry Charge	Deferred Sales Charges	ISIN Number
A USD Inc	98.37	0.63	6.28	6.25	05/03/2019	Up to 5%	0%	KYG7387W1188
A USD Acc	115.67	0.62	5.78	13.58	17/12/2018	Up to 5%	0%	KYG7387W1006
A GBP Inc	99.83	0.73	5.76	15.67	19/02/2019	Up to 5%	0%	KYG7387W2178
A EUR Inc	100.59	0.69	5.97	13.14	12/02/2019	Up to 5%	0%	KYG7387W1915
M USD Acc	110.48	0.55	5.72	10.95	09/04/2019	0%	3%	KYG7387W1428
M USD Inc	95.37	0.54	4.86	10.49	26/02/2019	0%	3%	KYG7387W1758
M EUR Inc	97.13	0.59	4.77	10.36	05/03/2019	0%	3%	KYG7387W3325
M GBP Inc	96.42	0.64	4.68	7.34	05/03/2019	0%	3%	KYG7387W3242
S USD Inc	95.94	0.76	4.95	9.54	12/02/2019	0%	2%	KYG7387W1592

Please note: The management fees for all the above mentioned share classes is 1% per annum. For investors subscribing in the shares via Commercial Bank of Dubai and Dubai Islamic Bank, the minimum susbscription is AED 1,000,0000 [4]Deferred Sales Charges are paid upfront but capitalized in the NAV and amortized daily over a period of 2 years for Class "S" shares and over a period of 3 years for Class "M" Shares. A deduction equal to the un-amortized portion of the deferred sales charge is deducted from redemption proceeds in case of redemption prior to the end of the amortization period. Kindly refer to the PPM, to know more on the fees charged. The Fund publishes daily dealing prices at which shares can be subscribed and redeemed. Dealing prices can be higher or lower than IFRS NAV published within the annual audited report.