

# Islamic Global Sukuk Fund

Fund Licensed by the Kuwaiti CMA (LCIS/F/DI/2019/0087)

30 May 2022



## Fund Objective & Strategy

The Fund seeks to generate positive returns on the long term with a balanced risk level. The Fund aims to distribute profits, if any, on a quarterly basis upon the discretion of the Fund Manager.

The Fund's strategy is to Invest in local, GCC and global Sukuk denominated in US Dollar or any other currency as deemed fit by the Fund Manager in addition to money market funds or any other debt instrument funds which are sharia compliant and licensed by the CMA or any foreign entity as per regulatory standards and conditions similar to the ones adopted by the CMA at least, and the Fund may further invest in the equivalent of deposits in Islamic banks.

## Fund Features

- Balanced risk level with returns higher than fixed-deposits
- Weekly liquidity
- Quarterly distributions (if applicable)

## Fund Facts

Fund Structure	Open ended
Inception Date	11 December 2019
Currency	US Dollars (USD)
Liquidity	Weekly
Minimum Subscription	USD 5,000
Subscription fees	None
Redemption fees	None
Management fees	<ul style="list-style-type: none"><li>• 0.40% p.a, if 1-month annualized return below 3%.</li><li>• 0.60% p.a, if 1-month annualized return between 3% to 4%.</li><li>• 0.75% p.a, if 1-month annualized return above 4%.</li></ul>
Fund manager	Boubyan Capital Investment Company K.S.C.C.
Fund advisor	Watani Investment Company K.S.C.C. (NBK Capital)
Distributor	Boubyan Bank K.S.C.
Custodian & Investment Controller	Kuwait Clearing Company K.S.C.
Sharia Auditor	Legitimate Audit House Company
Auditor	Ernst & Young (Kuwait)
Domicile	State of Kuwait

Net Asset Value | USD 9.8451

## Performance

Month to Date (25/04/2022 to 30/05/2022)	-0.28%
12 Months Return (31/05/2021 to 30/05/2022)	-5.05%
Cumulative YTD Return	-5.52%
Annualized Since Inception Return	0.38%
Cumulative Since Inception Return	0.95%
Standard Deviation	5.198%
Sharpe Ratio	-0.097

## Profit Distribution

Date	January 2021	January 2022
Type of distribution	Cash	Cash
Percentage	1%	1.5%

## Fund's Top Five Holdings

Name	Weight
KSA 4.303 19/01/2029	13.72%
EIBUH 1.827 09/23/25	5.76%
INDOIS 2.8 06/23/30	4.50%
RAKS 3.094 03/31/25	4.46%
MAFUAE 3.9325 02/28/30	4.43%

## Key Metrics

Yield to Maturity	2.86%
Coupon	3.49%
Duration	4.49
Weighted Average Credit Rating	BBB+

## Fund IDs

Bloomberg	BBYIGSF KK
Morningstar	F000014RDD
Lipper	68593166

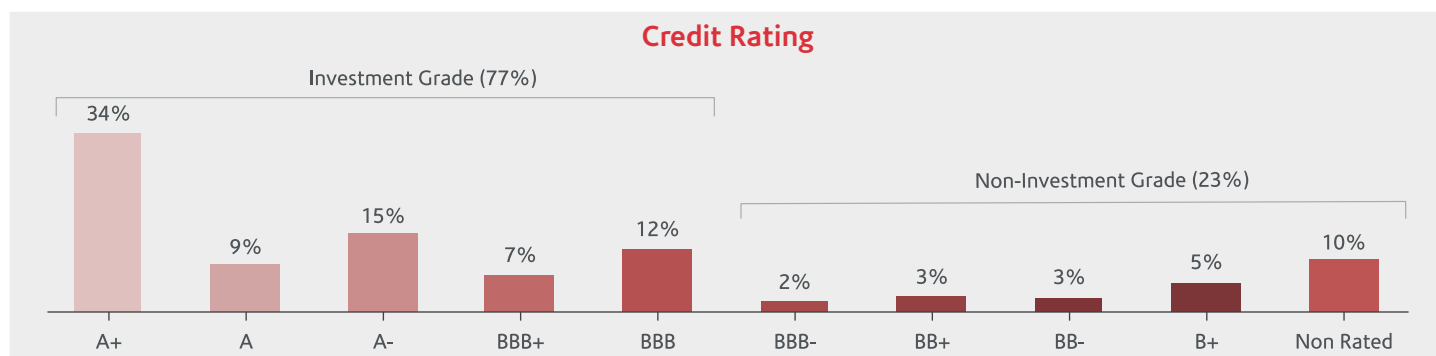
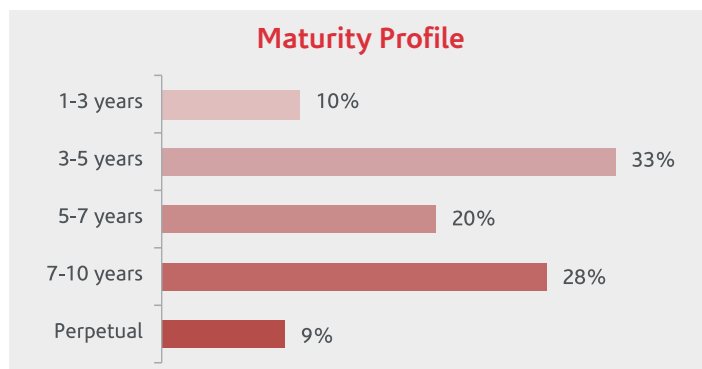
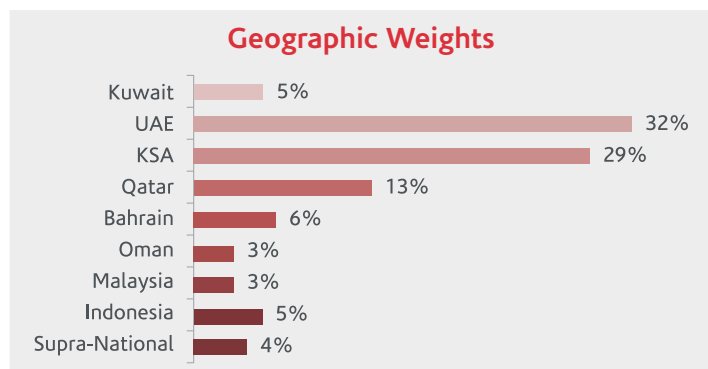
## Executive Committee

- Badria Hamad Al Humaidhi
- Asok Kumar Ayinikkal
- Ali Habeeb Atesh
- Mohammad Mane Alajmi

# Islamic Global Sukuk Fund

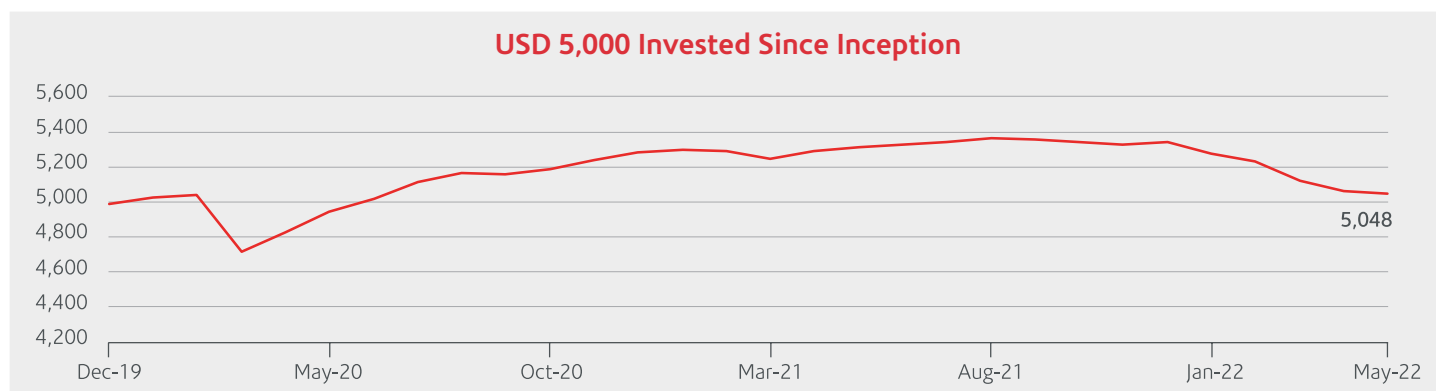
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### Monthly Performance

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Return for the year
2019	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-0.24%	<b>-0.24%</b>
2020	0.75%	0.23%	-6.31%	2.26%	2.43%	1.53%	1.92%	0.97%	-0.10%	0.47%	1.11%	0.79%	<b>5.91%</b>
2021	0.31%	-0.17%	-0.82%	0.77%	0.49%	0.32%	0.23%	0.36%	-0.04%	-0.39%	-0.24%	0.26%	<b>1.07%</b>
2022	-1.18%	-0.96%	-2.08%	-1.19%	-0.28%								<b>-5.52%</b>



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## Islamic Global Sukuk Fund Commentary

### GCC

The activity in the GCC sukuk primary market remained slow with a total issuance volume of USD 0.35 billion in May with one single issuance only. Despite the modest volume, it represents an increase of more than 133% when compared to the same period last year.

The 5-year sovereign CDS of investment grade GCC countries widened by 1-2 bps on average in May with the exception of Kuwait who has widened by 12 bps, on poor liquidity. On the high-yield side, Oman and Bahrain 5-year sovereign spread widened by 21 bps.

The USD sukuk markets in Kuwait and the UAE declined by 0.25% and 0.37%, respectively. The similar market in the KSA closed the month up at 0.33%, whereas Qatar closed flat at 0%. On the high yield side, the USD sukuk markets in Oman and Bahrain declined by 0.31% and 0.20%, respectively.

The S&P MENA Sukuk Index inched up by 0.07% in May, mainly driven by the drop in U.S. rates in the second half of the month. The region has however outperformed its global peers, year-to-date.

### Asia

Outside the GCC, the USD sukuk market in Indonesia closed the month down at 0.54%, whilst the similar market in Malaysia surged 0.29% during the same period.

### U.S. Rates

The benchmark 10-year U.S. Treasury yield closed the month at 2.84% down 0.09% from the previous month. The 10-year rate peaked at 3.13% early in May but retreated eventually as concerns over economic growth subsiding.

The Federal Reserve hiked interest rates by 50 bps – in line with expectations – during the FOMC meeting and announced the committee's plan of Quantitative Tightening. QT will start in the beginning of June, reaching a monthly pace of \$95 Billion by September split \$60 Billion for U.S. Treasuries and \$35 Billion for Mortgage-Backed Securities. Comments by Federal Reserve officials along with the release of the May meeting minutes continue to signal upcoming rate hikes until the committee sees "clear and convincing evidence" of inflation retreating. The market expects seven additional rate hikes for the remainder of this year, four of which expected in the next two meetings.

On the macroeconomic data front, the incoming data followed a similar trend. The CPI print showed early signs of inflation slowing down but the YoY figure remains high at 8.3%, and the PPI's increased at a slower, but still elevated pace, of 11.0% YoY. Industrial production remained strong with another increase of 6.4% YoY and retail sales increased by 8.2% YoY further showing signs of economic expansion. On the employment front, the U.S. economy added 428,000 jobs and the labor force participation rate dropped to 62.2%.

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