

Boubyan Islamic Global Sukuk Fund

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

29 February 2024

بوبيان كابيتال
Boubyan Capital



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">0.40% p.a, if 1-month annualized return below 3%.0.60% p.a, if 1-month annualized return between 3% to 4%.0.75% p.a, if 1-month annualized return above 4%.
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
Executive Committee	<ul style="list-style-type: none">Badria Hamad AlHumaidhiAbdulmohsen Samir AlGharaballiMohammad Manea AlAjmiOmar Abdulaziz AlRasheedAsok Kumar Nayer

NAV | USD 10.1043



Performance

1 Month Return	-0.06%
12 Months Return	3.91%
Cumulative YTD Return	-0.08%
2 Year Return	-0.98%
Annualized Since Inception Return	0.83%
Cumulative Since Inception Return	3.54%
Standard Deviation	1.09%
Sharpe Ratio	2.426



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	10.52%
PIFKSA 6 ¼ 10/25/33	9.76%
DIBUH 2.95 02/20/25	5.61%
RAKS 3.094 03/31/25	5.44%
MAFUAE 3.9325 02/28/30	5.15%



Key Metrics

Yield to Maturity	5.83%
Coupon	4.12%
Duration	3.16
Weighted Average Credit Rating	BBB+



Fund IDs

Bloomberg	BBYIGSF KK
Morningstar	F000014RDD
Lipper	68593166

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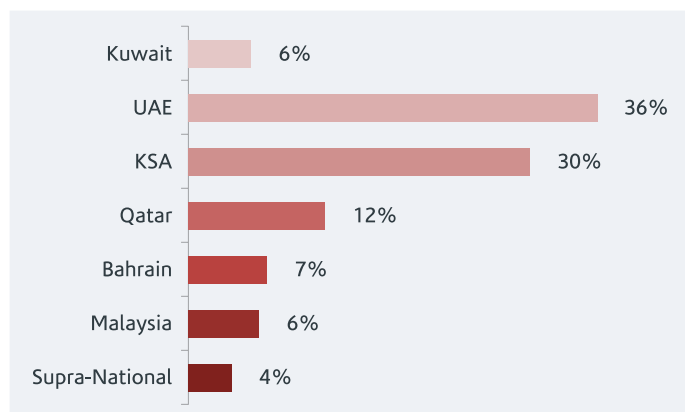
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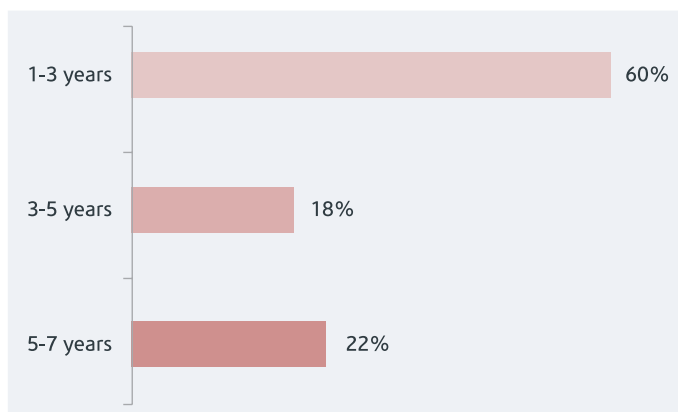
Monthly Performance (%)

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	-0.24
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	5.91
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	1.07
2022	-1.18	-0.96	-2.08	-1.19	-0.28	-1.54	0.67	0.97	-2.60	-2.03	2.18	0.08	-7.35
2023	1.89	-0.96	1.07	0.70	-0.25	-0.40	0.23	0.02	-0.61	-0.46	2.03	1.87	4.94
2024	-0.02	-0.06											-0.08

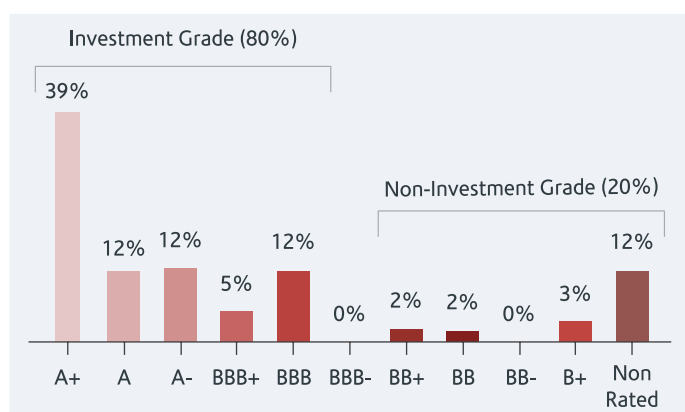
Geographic Weights



Maturity Profile



Credit Rating



USD 5,000 Invested Since Inception



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29 February 2024



Islamic Global Sukuk Fund Commentary

GCC

In February, the global sukuk market posted a negative performance in line with the increase in U.S. treasury yields. During the month, the yield of the benchmark 10-year U.S. Treasury rose as market participants dialed back their interest rate cut expectations for the year.

The MENA primary market continued to record solid activity in February raising USD 13.2 Billion across 24 deals. The majority of issuances came from the Kingdom of Saudi Arabia and in the form of sukuk with SECO issuing 5 and 10 year sukuk for sizes of USD 800 Million and USD 1.4 Billion and profit rates of 4.94% and 5.19% respectively. PIF added a USD 2 Billion 7 year sukuk at a profit rate of 5.17%. On the financials side, Alinma raised USD 1 Billion in a Perpetual sukuk at a profit rate of 6.5%. Saudi National Bank managed to raise USD 850 Million at a rate of 5.12% with a 5-year maturity. Arabian Centers came to the market with a USD 500 Million 5 year sukuk with a rate of 9.5% on the back of their offer to tender the notes maturing in November 2024. Over in the UAE, DIB raised USD 1 Billion in a 5 year sukuk at a profit rate of 5.25%. Similarly, FAB raised USD 850 Million on the conventional side at a yield of 5.17%. High Yield issuers from Dubai remained active with ESIC and Binghatti raising USD 700 Million at 5.83% and USD 300 Million at 9.625% respectively. Sharjah government priced a USD 750 Million 12 year conventional bond at a yield of 6.23%. On the High Yield sovereigns, Bahrain issued a total USD 2 Billion equally across a 7 year sukuk at 6% and 10 year bond at 7.5%. Finally, Mazoon raised USD 500 Million for 5 years at a yield of 5.65%.

Investment grade 5-Year sovereign CDS spreads in the GCC ended the month slightly tighter in the range of 8 basis points on average. Similarly, within high yield, Oman and Bahrain saw their equivalent spreads tightening by similar degrees to their investment grade counterparts.

The S&P MENA Sukuk Index decreased by -0.23% during the month, outperforming global conventional investment grade peers due to its shorter duration.

Asia

Outside the GCC, the USD Sukuk markets in Indonesia and Malaysia underperformed the region due to their longer average duration. During February, the CDS spread of both Indonesia and Malaysia tightened by 4 basis points.

U.S. Rates

The benchmark 10-year U.S. Treasury yield closed the month up 34 bps at 4.25% after reaching an intra-month high of 4.32%.

Macroeconomic data released during the month provided a mixed picture with some areas of the economy recovering while inflation continues to be sticky and above the Fed's target. Headline CPI rose during the month and delivered negative surprises both on a MoM and YoY basis with figures of +0.3% and +3.1%, respectively. Similarly, on the producer's side, headline PPI came in above market expectations with +0.3% MoM and +0.9% YoY. Indicators of economic activity were positive last month and exceeded forecasts with ISM Manufacturing Index printing 49.1 and the ISM Services Index printing 53.4; on the consumers' side retail sales dipped -0.8% MoM, the lowest print in almost 12 months, on the back of the seasonality of the holiday shopping period and colder weather. Finally on the labor front, the U.S. economy added 353,000 jobs significantly beating the forecast of 185,000. The unemployment rate remained unchanged at 3.7%.

On the monetary front, the release of the Fed's meeting minutes reiterated that the committee does not foresee interest rate cuts until "greater confidence that inflation was moving sustainably toward 2 percent". The minutes also indicated that the committee believes that their rate hiking cycle is likely over. The messages from the release of the minutes were broadly in line with the comments of Fed officials during the month. As such, market participants recalibrated their policy expectations with the odds of a March rate cut significantly priced out. By the end of the month, the expected rate cuts until the end of the year stood at 3 as priced by the Fed Fund futures market.

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