

Islamic Global Sukuk Fund

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

28 February 2023



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

Net Asset Value | USD 9.7245

Performance

Month to Date (31/01/2023) to 28/02/2023)	-0.96%
12 months return (28/02/2022 to 28/02/2023)	-4.71%
Cumulative YTD Return	0.91%
Annualized Since Inception Return	-0.08%
Cumulative Since Inception Return	-0.25%

Profit Distribution

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

Fund's Top Five Holdings

Name	Weight
ARAMCO1.602% 6/17/26	9.46%
KSA 4.303 19/01/2029	6.72%
SNBAB 2.342 01/19/27	5.40%
DIBUH 2.95 02/20/25	4.80%
EIBUH 1.827 09/23/25	4.79%

Key Metrics

Yield to Maturity	4.96%
Coupon	3.32%
Duration	3.58
Weighted Average Credit Rating	BBB+

Fund IDs

Bloomberg	BBYIGSF KK
Morningstar	F000014RDD
Lipper	68593166

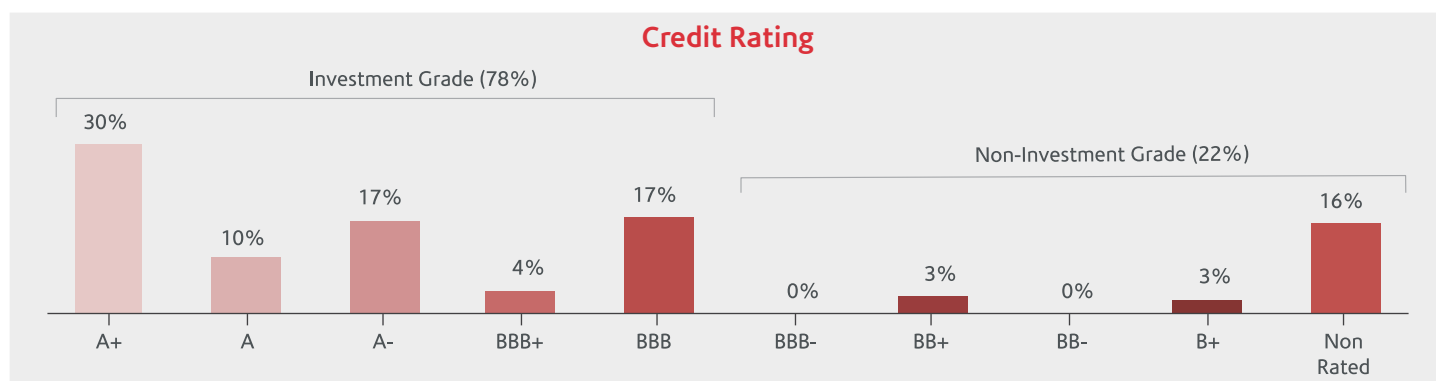
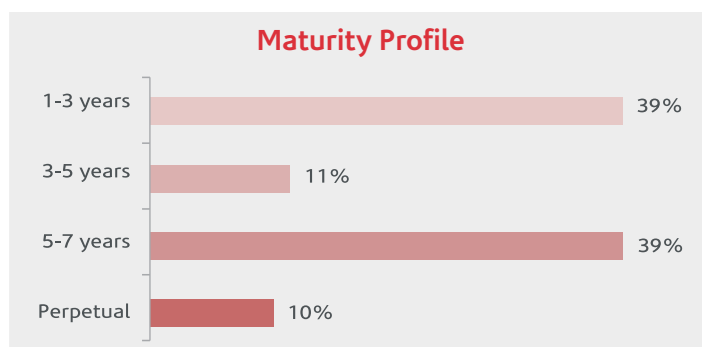
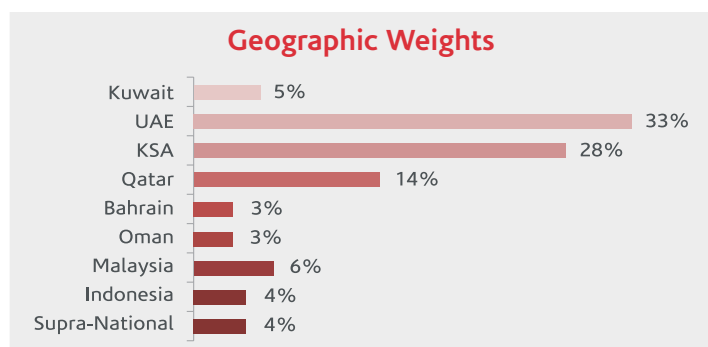
Executive Committee

- Badria Hamad Al Humaidhi
- Asok Kumar Ayinikkal
- Mohammad Mane Alajmi
- Omar Abdulaziz Alrasheed

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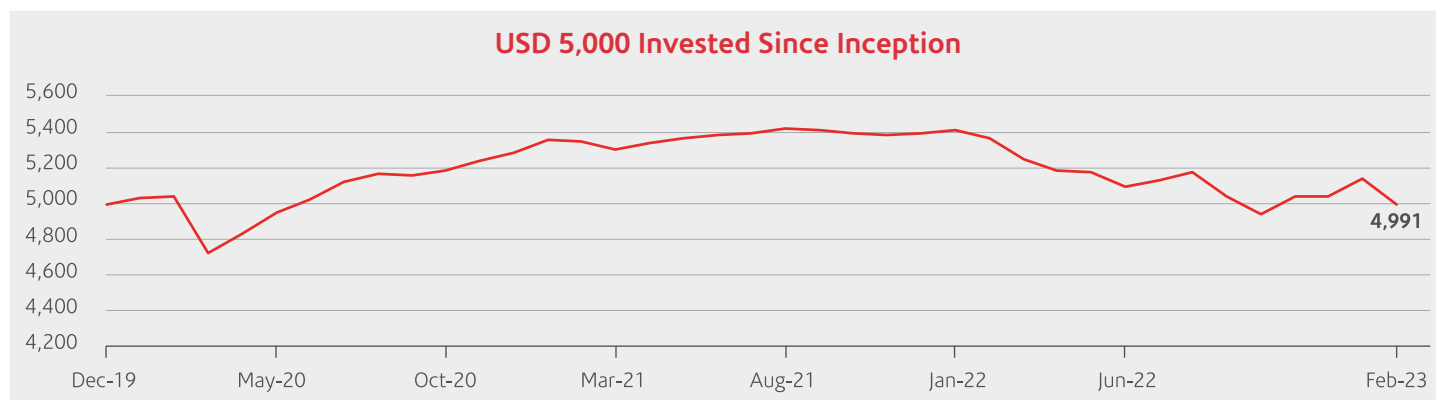
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Monthly Performance

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%											0.91%



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Islamic Global Sukuk Fund Commentary

GCC

The Sukuk market performed negatively during the month, in line with the broader fixed income market. The negative performance was seen across both the Investment Grade and High Yield exposures, as U.S. rates increased during the month.

The activity in the MENA primary Fixed-Income market continued its strong start to the year with total issuances of USD 14.4 Billion in February. Of these deals, DIB issued a USD 1 Billion 5-Year Sukuk with a profit rate of 4.8%. In Saudi, Greensaif's debut sukuk deal stood at a size of USD 1.5 Billion at a profit rate 5.78% maturing in 2032. Finally, Egypt issued a Sukuk for the first time with a size of USD 1.5 Billion maturing in 3 Years at a profit rate of 11.00%.

The 5-year sovereign CDS of most investment grade GCC countries closed unchanged except Dubai which narrowed by 7 basis points. On the high-yield side, Oman equivalent spread narrowed by 10 basis points while Bahrain's CDS closed unchanged.

The S&P MENA Sukuk Index decreased by 0.86% during the month but outperformed its global and regional conventional peers due to their shorter average duration compared to the broader asset class.

Asia

Outside the GCC, the USD Sukuk markets in Indonesia and Malaysia underperformed the region due to their longer average duration. The CDS of Indonesia and Malaysia widened by 6 and 3 bps respectively.

U.S. Rates

The benchmark 10-year U.S. Treasury yield increased by 41 basis points throughout February 2023 to close at 3.92%. Yields inched higher during the month as disinflationary data of the past few months reversed course, causing market participants to recalibrate their expectations for interest rates higher.

The Federal Reserve hiked interest rates by 25 basis points, in line with expectations. The release of the meeting's minutes later in the month and the continuous Fed speak throughout the period remained hawkish especially after the release of inflation data. The minutes continued to stress that "... substantially more evidence of progress across a broader range of prices would be required to be confident that inflation was on a sustained downward path." By the end of the month, market participants were pricing in a 25-basis point hike for the upcoming meeting in March and the terminal rate ticked upwards to 5.4%.

Macroeconomic data released during the month continued to point to resilient economic activity across the major sectors. U.S. CPI figures remained elevated and printed 6.4% YoY and 0.5% MoM – ending the series of monthly declines since October. YoY and MoM changes in PPI provided a negative surprise coming in at 6.0% and 0.7%, both above market expectations. Industrial production data remained soft and increased by only 0.8% YoY, a figure last seen in March 2021 while on the consumer side, retail sales registered a 6.4% YoY increase - beating market expectations. On the labor front, the U.S. economy added 517,000 jobs, above even the highest of forecasts, and the unemployment rate dropped to a multi-decade low of 3.4%.

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