

# Boubyan Islamic Global Sukuk Fund

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

31 December 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"><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 10.1122

### Performance

1 Month Return	1.87%
12 Months Return	4.94%
Cumulative YTD Return	4.94%
2 Year Return	-3.08%
Annualized Since Inception Return	0.88%
Cumulative Since Inception Return	3.62%
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	10.41%
PIFKSA 6 ¼ 10/25/33	9.51%
DIBUH 2.95 02/20/25	5.36%
RAKS 3.094 03/31/25	5.11%
MAFUAE 3.9325 02/28/30	4.98%

### Key Metrics

Yield to Maturity	5.50%
Coupon	3.42%
Duration	3.13
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

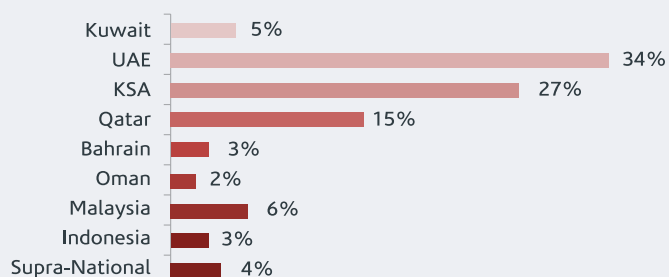
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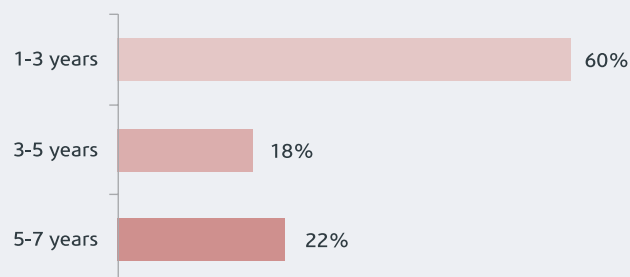


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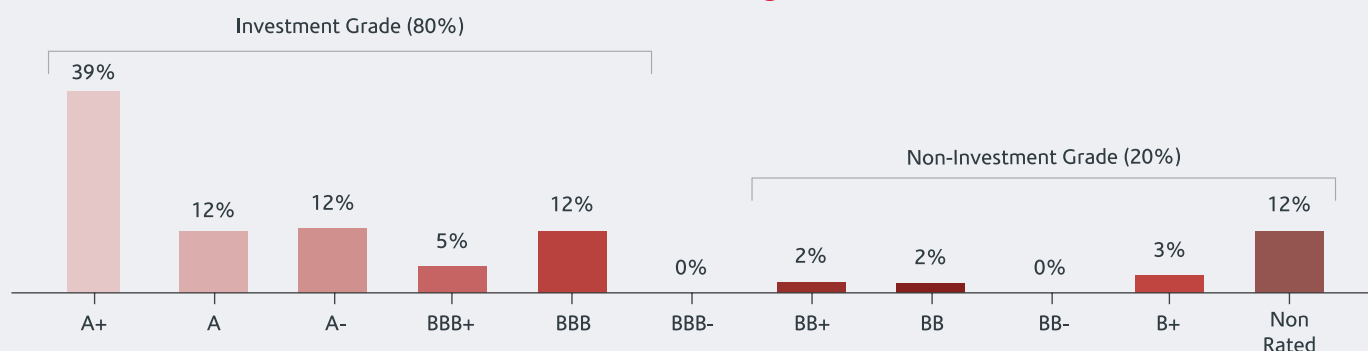
## Geographic Weights



## Maturity Profile



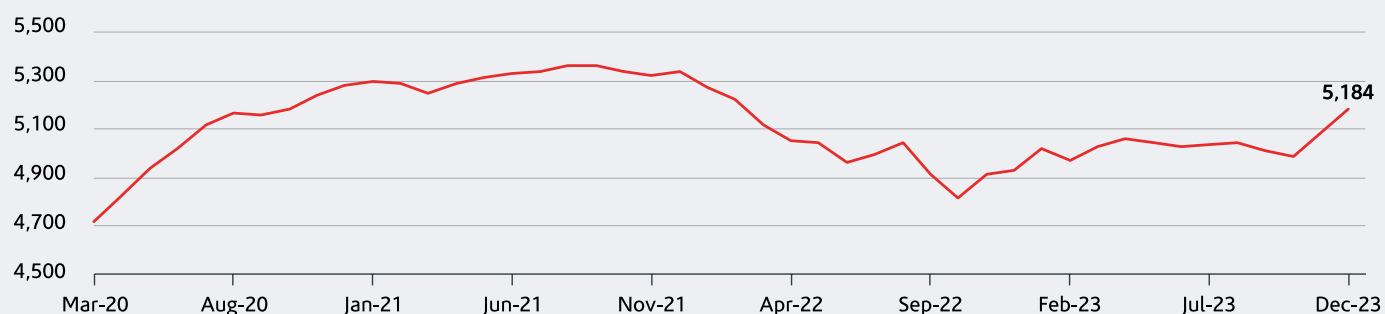
## Credit Rating



## 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%

## USD 5,000 Invested Since Inception



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## Islamic Global Sukuk Fund Commentary

### GCC

In December, the global sukuk market posted a strong positive performance in line with the decline in U.S. treasury yields. During the month, the yield of the benchmark 10-year U.S. Treasury continued to decline as the narrative around upcoming rate cuts strengthened.

The MENA primary market was quiet during December recording total issuances of USD 580 Million across 7 deals.

Investment grade 5-Year sovereign CDS spreads in the GCC ended the month of December broadly unchanged. On the high-yield side however, Oman and Bahrain's equivalent spreads both narrowed by 15 and 19 basis points respectively.

The S&P MENA Sukuk Index increased by 2.48% during the month, underperforming global conventional peers due to its much shorter duration.

### Asia

Outside the GCC, the USD Sukuk markets in Indonesia and Malaysia outperformed the region due to their longer average duration. During December, the CDS spread of Indonesia narrowed by 6 basis points while that of Malaysia closed flat.

### U.S. Rates

The benchmark 10-year U.S. Treasury yield closed the month 45bps lower at 3.88% as the U.S. treasury yield curve continued to flatten.

Macroeconomic data released during the month continued to broadly support the soft-landing narrative for the U.S. economy. On the inflation front, headline CPI came in at 3.1% YoY basis and increased by 0.1% MoM, both broadly in line with market expectations. Similarly, on the producers' side, YoY PPI printed 0.9% and was flat MoM, both of these measures continuing to show the downward trajectory of U.S. inflation. The ISM indices closed the year similar to what we had seen throughout the year with ISM Manufacturing Index remaining in contractionary territory at 46.7 while the ISM Services Index stayed in expansionary territory with a print of 52.7. On the consumer side, MoM retail sales suggested a strong start to the holiday season spending with the figure coming in at +0.3%, beating market expectations of a 0.1% decline. On the labor front, the U.S. economy added 199,000 jobs, beating market expectations, with the unemployment rate decreasing from 3.9% to 3.7%

On the monetary front, the Fed kept policy rates unchanged during the December FOMC meeting, in line with market expectations. However, the updated Summary of Economic projections showed that the Fed is expecting more rate cuts in 2024 compared to previous expectations. Chair Powell stated that "Inflation has eased from its highs, and this has come without a significant increase in unemployment. That's very good news." Market participants are now pricing in a start to the Fed's rate cut cycle by March 2024.

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