ASB Capital

ASBC Sukuk Fund | May 2025 Factsheet

Fund Facts

Fund Manager
ASB Capital Limited
DIFC, Dubai, UAE
Prudential Supervision: DFSA

Investment Manager
Arqaam Capital Limited
DIFC, Dubai, UAE
Prudential Supervision: DFSA

Inception Date
1 May 2025

Asset Class
Global Sukuk

Benchmark
Dow Jones Sukuk Index

Geographic Allocation
Global

Investment Universe
Global Sukuk Issuances

AUM
USD 18.6 million

Liquidity
Weekly NAV

Administrator & Custodian
First Abu Dhabi Bank

Fund Brief

ASBC Sukuk Fund (the **Fund**) is a sub-fund (protected cell) under ASBC Cross-Asset Fund Open-Ended PCC PLC, a public fund incorporated in the DIFC and regulated by the DFSA.

The Fund seeks to maximize profit income and capital appreciation by investing in fixed and floating rate Sukuk of Government, Government-related issuers, supranational entities and corporate issuers. The Fund is suitable for investors who seek a diversified Sukuk portfolio, active management and an average Investment-Grade profile.

Investment Strategy & Guidelines

The Fund focuses on fundamental analysis with a strong emphasis on credit conviction. Its core credit positions are designed to deliver attractive income generation while staying within established volatility targets. The Fund will also invest in pull-to-par trades, special situations and re-rating opportunities, all backed by high-conviction and favorable risk reward profiles.

The strategy also incorporates a global macro-overlay, with emphasis on duration management, portfolio protection and risk factor exposure. The macro approach focuses on global economic drivers, as well as opportunistic investments in rates and spread duration.

The primary objective of the Fund will be to invest in Sukuk securities and/or instruments that meet the Investment Guidelines in accordance with the Standards as approved by the Shari'a Supervisory Board.

Subscription & Fees

Minimum Subscription Amount*	• Share Class A: USD 100,000 • Share Class B: USD 10,000 • Share Class C: USD 1,000,000 • Share Class D: USD 100,000 (Dividend Distributing, Quarterly)
Subscription Fee	Up to 5%
Management Fee	• Share Class A: 1.00% • Share Class B: 1.50% • Share Class C: 0.75% • Share Class D: 1.00% (Dividend Distributing, Quarterly)
Performance Fee	• 10% of profits • Hurdle Rate of 8% per annum • High-Water Mark

Diversification Rules

Average Credit Quality	Investment Grade
Average Maturity	Maximum 7 Years
Maximum Position in an Issuer	15%
Maximum Position in Any Security	15%
Maximum Participation in Private Placement	20%
Maximum Allocation to High Yield Sukuk	50%
Maximum Participation in Un-Rated Sukuk	25%
Minimum Issue Size (notional)	USD 100,000,000

Fund Performance

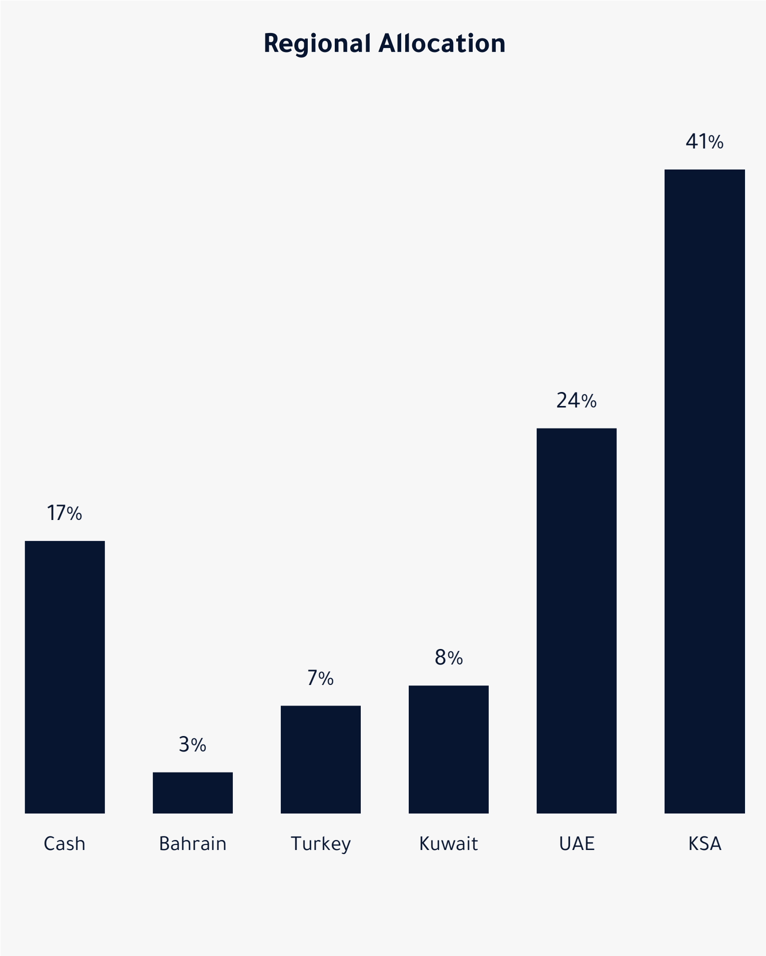
Fund	Opening NAV	NAV	MTD	YTD*	ITD
Benchmark	210.98*	210.93	**-0.02%**	**3.29%**	**N/A**
Share Class A	100	99.34	**-0.66%**	**-0.66%**	**-0.66%**
Share Class B	99.34	99.34	**0.00%**	**0.00%**	**0.00%**
Share Class C	99.53	99.35	**-0.18%**	**-0.18%**	**-0.18%**
Share Class D	99.34	99.35	**0.01%**	**0.01%**	**0.01%**

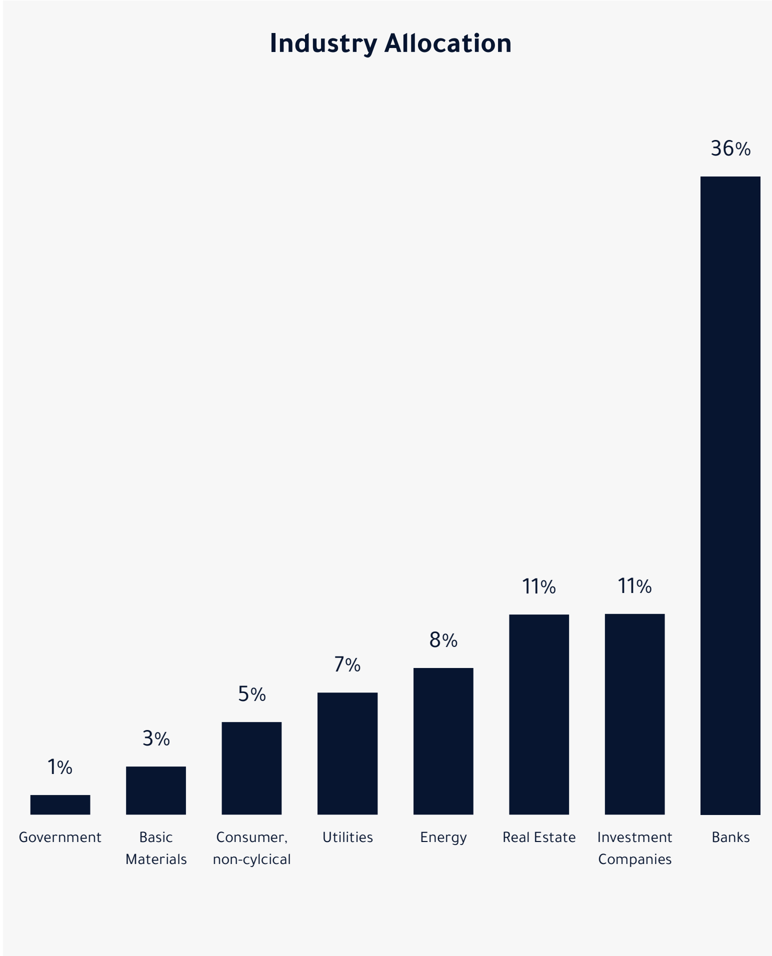
Current Allocations**

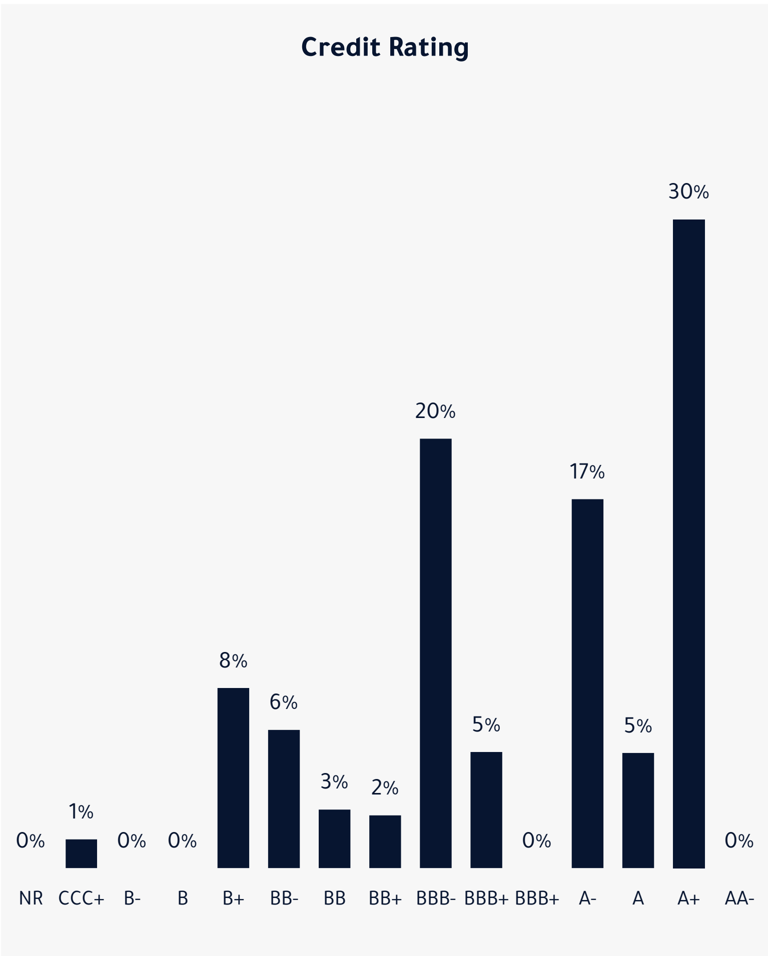
	May 31	June 11
Number of Holdings	29	31
Average Coupon	4.64%	5.49%
Average Yield	4.72%	5.56%
Average Credit Rating	BBB+	BBB+
Average Maturity	3.39	4.97
Modified Duration	2.79	4.06

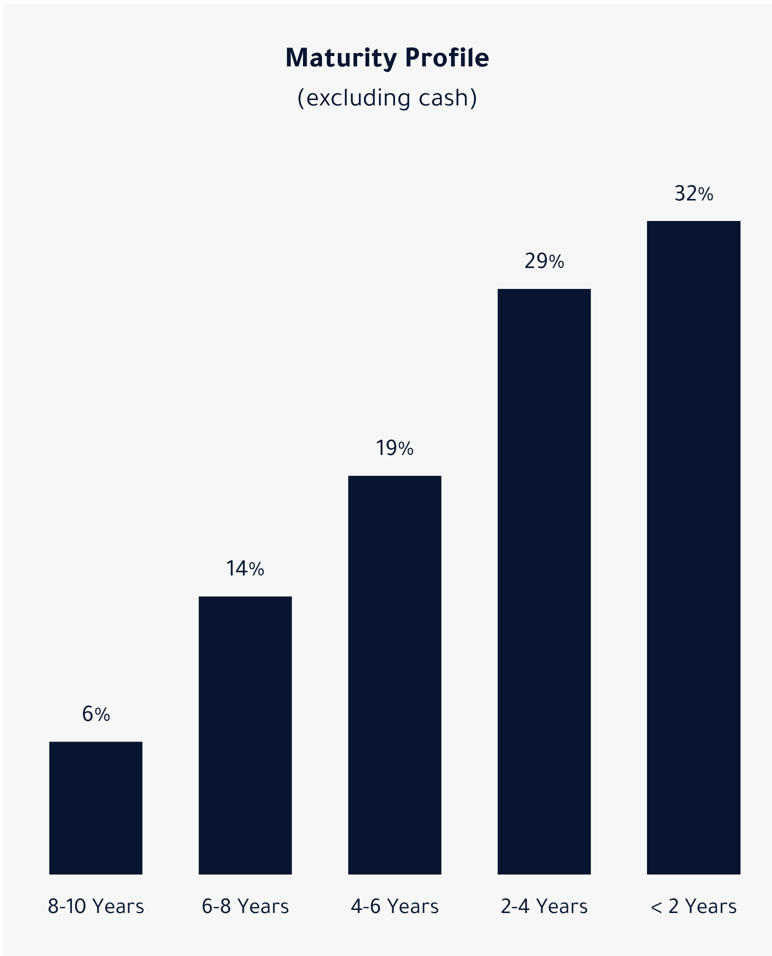
* NAV of benchmark at launch of the Fund
** Fund launched in May and allocations were still being established. June 11 data is a more accurate representation of the Fund's allocations

Current Allocation









Monthly Commentary

May delivered a classic reflation pattern across the USD-sukuk universe. With April's tariff jitters fading and fresh debate over the "One Big Beautiful Bill" rekindling expectations of looser US fiscal policy, Treasury yields surged and the curve steepened—five-year notes closed the month 42 bps above April's finish, while ten-year notes rose 38 bps. Rate volatility cooled just enough to entice investors back into credit, tightening spreads, yet the sharp back-up in yields more than offset that relief for long-duration paper. High-grade sovereign and Government-Related Entity (GRE) Sukuk – those carrying the heaviest interest-rate exposure – posted negative total returns, whereas short-maturity investment-grade issues ended the period roughly flat.

Against that backdrop, we deployed the Fund's initial capital deliberately, in several tranches, to establish a broad, investment-grade foundation while keeping duration risk in check. Expecting near-term upward pressure on rates, we ran the portfolio under-weight duration to buffer the effects of a steeper curve. High-yield exposure was confined to the front end (up to four-year duration) and centered around AT1 perpetuals from fundamentally strong GCC banks alongside select real-estate Sukuk; investment-grade allocations leaned toward regional GRE issuers where liquidity and covenant quality remain highest.

Looking ahead, we intend to extend duration tactically in the second half of the year, when we see a growing probability of a US growth slowdown and, by extension, a softer rates backdrop. This measured, data-driven stance positions the portfolio to capture carry today while preserving flexibility to add longer assets when the macro tide turns in our favor.

May brought a deluge of supply. Bahrain reopened the sovereign pipeline with a US-dollar 1.75 billion 8y sukuk at 6.25 percent. The Public Investment Fund followed with a 1.25 billion 7y sukuk at 110 over Treasuries, while Al Rajhi slipped in a five-year at just 95 over. High-yield investors saw Sobha Realty's long three-year at an eye-catching 8%. Yet the real torrent came from the AT1 aisle: Warba Bank, Saudi Awwal Bank, Bank Al Bilad, Alinma Bank and Sharjah Islamic Bank collectively brought north of 2.5 bio dollars of perpetual paper, all clustered in a tight 6¼-6½ percent range. The sheer volume surprised traders and forced an abrupt repricing of outstanding perpetuals; spreads there narrowed only ten basis points over the month.

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