ASB Capital

ASBC Sukuk Fund | August 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

Investment Universe
Global Sukuk Issuances

Issue Currency
USD

AUM
USD 30 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 FIGI: BBG002VGYMW4	**210.85****	**216.65**	**1.05%**	**2.75%**	**2.75%**
Share Class A ISIN: AEDFXA76C006	100	101.68	1.15%	1.68%	1.68%
Share Class B ISIN: AEDFXA76C014	99.34	101.54	1.09%	2.21%	2.21%
Share Class C ISIN: AEDFXA76C022	99.53	101.75	1.17%	2.23%	2.23%
Share Class D ISIN: AEDFXA76C030	99.34	101.19	1.12%	1.87%	1.87%

Current Allocations

Number of Holdings	42
Average Coupon	5.55%
Average Yield	5.20%
Average Credit Rating	BBB
Average Maturity	4.70
Modified Duration	3.83

* No annual reset for high-water mark
** NAV of benchmark as of launch of the Fund

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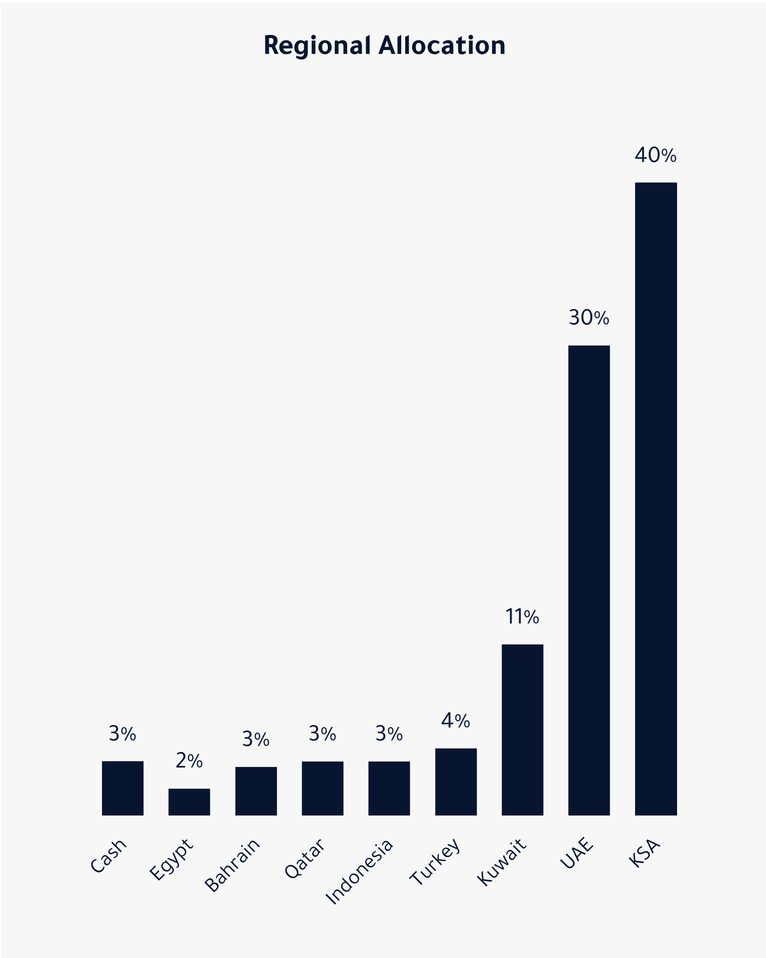
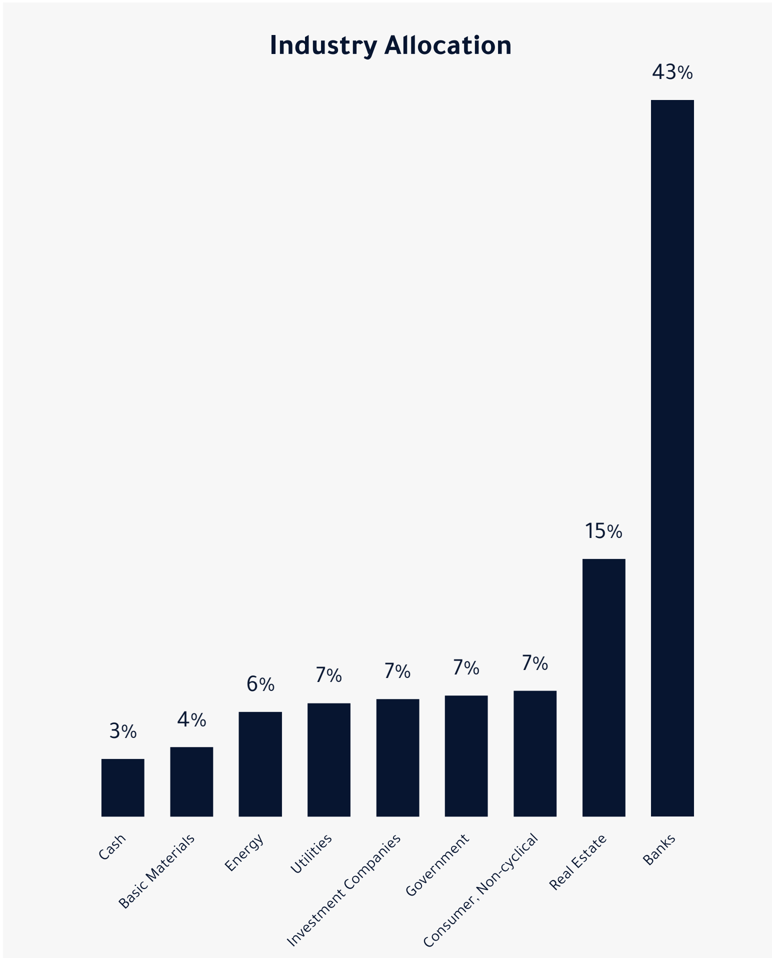
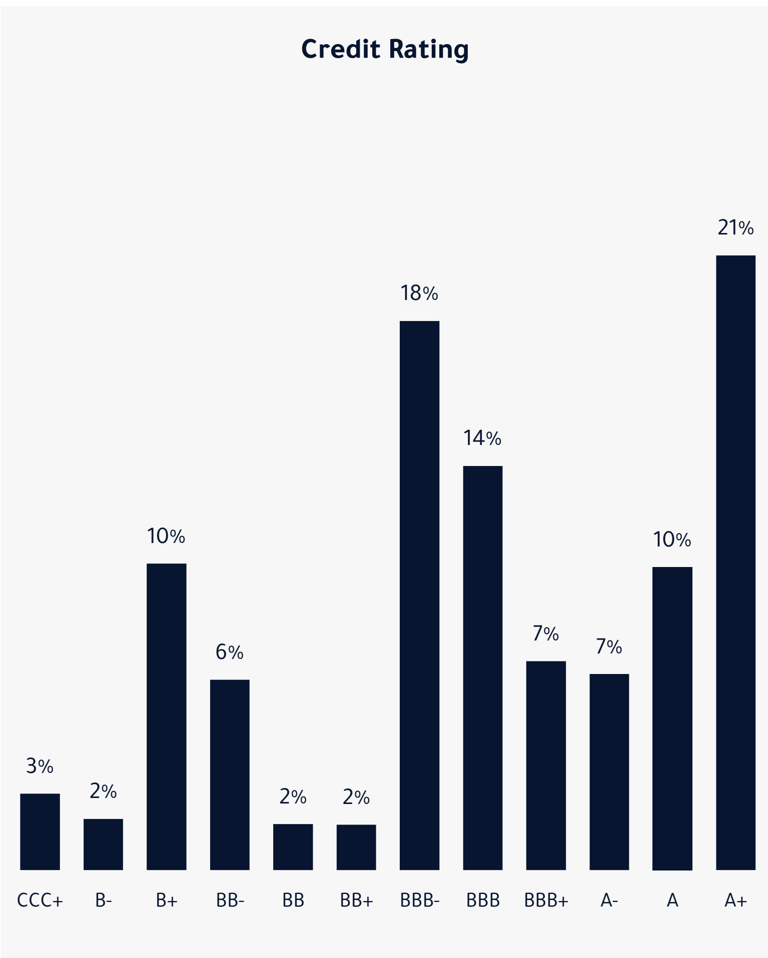
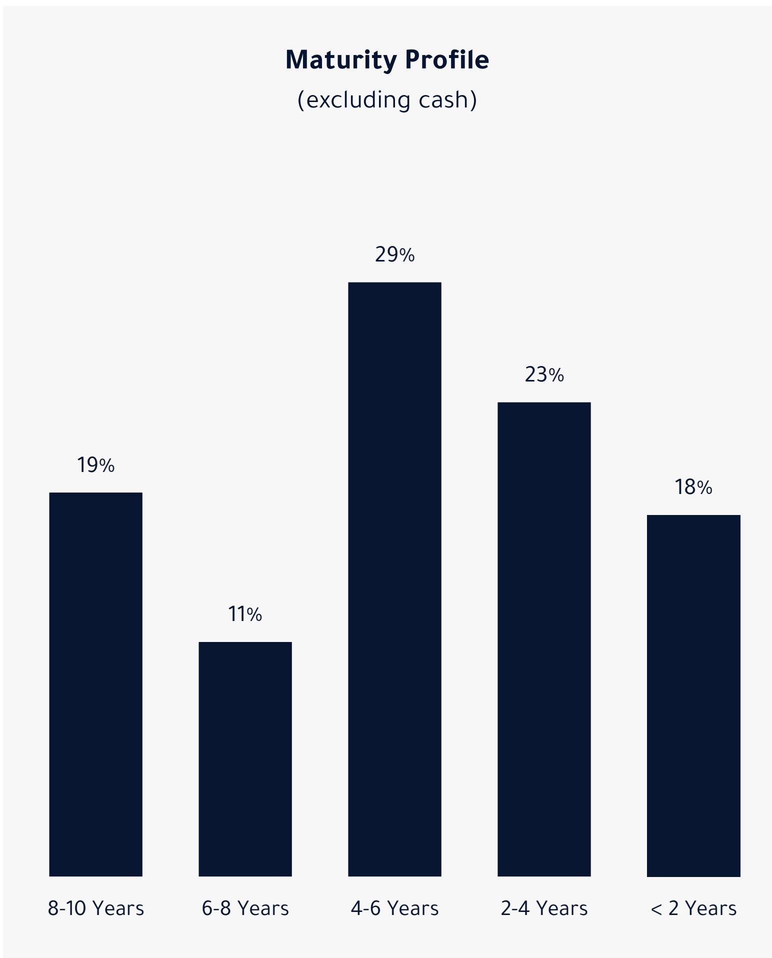
Current Allocation









Monthly Commentary

August was a constructive month for global Sukuk markets, building on the positive momentum seen in late June and July. Investor sentiment was largely driven by macroeconomic data from the US, where signs of a weaker labor market and inflation data coming largely in line (despite stronger Producer Price Index figures) bolstered the view that central banks may be nearing the end of their tightening cycles. Consequently, US Treasury yields declined, with the 5-year yield falling by approximately 30 basis points during the month. This downward move in benchmark rates, coupled with tightening credit spreads, created a favorable environment for fixed-income assets, including the global Sukuk market. The broad Sukuk universe, as measured by the Dow Jones Sukuk Total Return Index, delivered a positive total return of 1.05% for the month.

Against this supportive global backdrop, the ASBC Sukuk Fund generated a strong return for its investors. The Fund's Class C shares returned +1.17% in August, outperforming the Dow Jones Sukuk Total Return Index which returned +1.05% over the same period. Our outperformance was driven by a strategic allocation to high-quality corporate and quasi-sovereign issuers which benefited from the rally in credit, alongside prudent security selection within the high-yield space.

This month, we focused on enhancing the portfolio's defensive characteristics while capitalizing on valuation opportunities. After fully investing the new subscriptions received at the end of the previous reporting period, we made several tactical adjustments.

We increased the portfolio's overall credit quality by lifting the share of investment-grade (IG) assets to 72.64%. Correspondingly, high-yield (HY) exposure was prudently reduced to 23.92% from 26.44%, with our remaining HY holdings concentrated in shorter-dated maturities of under four years to limit price volatility. This shift was primarily achieved by taking profits in certain corporate names and rotating proceeds into sovereign and quasi-sovereign Sukuk, which saw their allocation increase significantly to around 7% from under 1% last month.

Geographically, we broadened the Fund's diversification by adding two new holdings, bringing the total to 42. This included establishing new positions in Indonesia and Egypt, while trimming our exposure to KSA from 47.1% to 40.1% to lock in some of the strong performance from that market.

The Fund's interest rate sensitivity was also tactically managed, with the portfolio's weighted duration decreasing slightly to 3.83 years from 3.96 years at the end of July. This reflects our strategic view on the US yield curve. We are deliberately underweighting the very long end, as we believe the challenging US fiscal situation may prevent long-term yields from rallying significantly even if the Federal Reserve signals a policy pivot. Instead, we see the "belly" of the curve (intermediate maturities) as the sweet spot, where we expect rate moves to be most favorable for total return. This positioning allows the Fund to benefit from a potential decline in rates while being shielded from volatility at the longer end of the curve. Our cash level was raised modestly to 3.43%, providing us with the flexibility to act on new opportunities.

Looking ahead, we maintain a cautiously optimistic view. While uncertainty around the future path of US rates persists, the asset class is supported by strong credit fundamentals, particularly within the GCC region. The Fund's positioning—with its high allocation to investment-grade issuers, modest duration underweight, and healthy yield of 5.20% (from 5.50% last month due to capital appreciation) is designed to navigate the current market environment effectively. We remain confident in our strategy and will continue to seek attractive opportunities to deliver value to our unitholders.

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