

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 86.4 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*	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	222.56	0.92%	0.97%	5.55%
Share Class A ISIN: AEDFXA76C006	100	104.54	0.88%	1.05%	4.54%
Share Class B ISIN: AEDFXA76C014	99.34	104.14	0.85%	0.98%	4.83%
Share Class C ISIN: AEDFXA76C022	99.53	104.75	0.90%	1.09%	5.25%
Share Class D ISIN: AEDFXA76C030	99.34	101.23	0.92%	1.10%	4.85%

Current Allocations

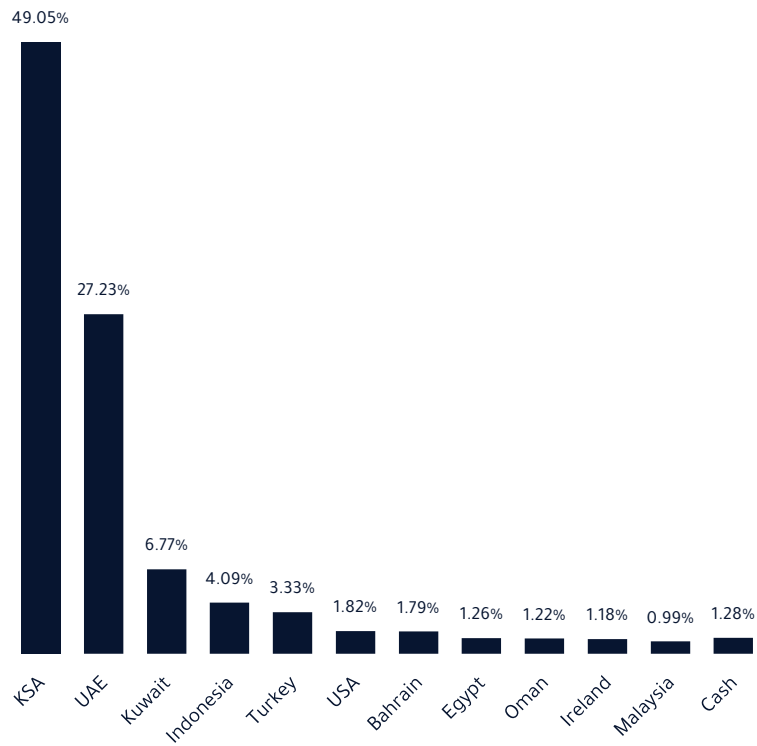
Number of Holdings	74
Average Coupon	5.57%
Average Yield	5.49%
Average Credit Rating	BBB
Average Maturity	5.10
Modified Duration	4.14

* No annual reset for high-water mark

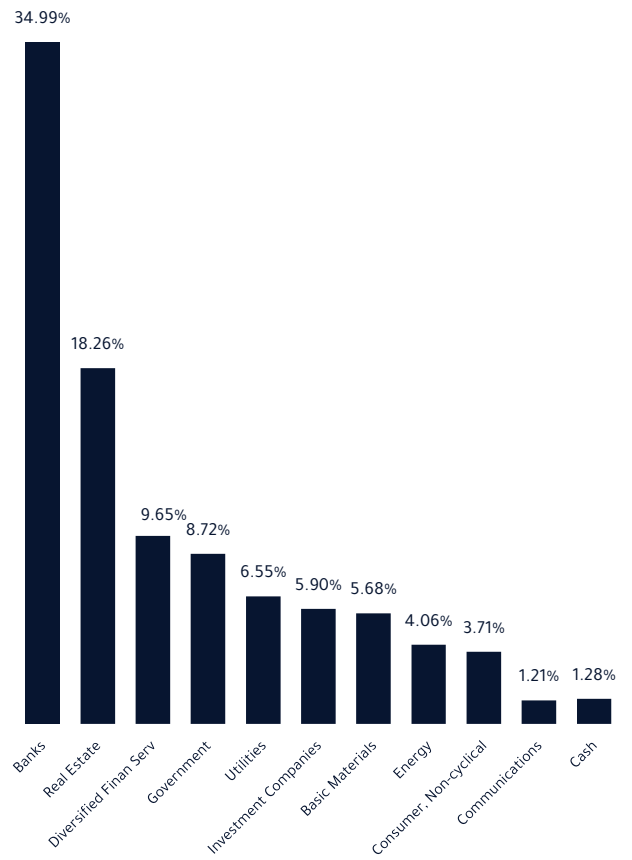
** Opening NAV of benchmark as of launch of the Fund. Benchmark performance is aligned with the fund's closing NAV date for the relevant period.

Current Allocation

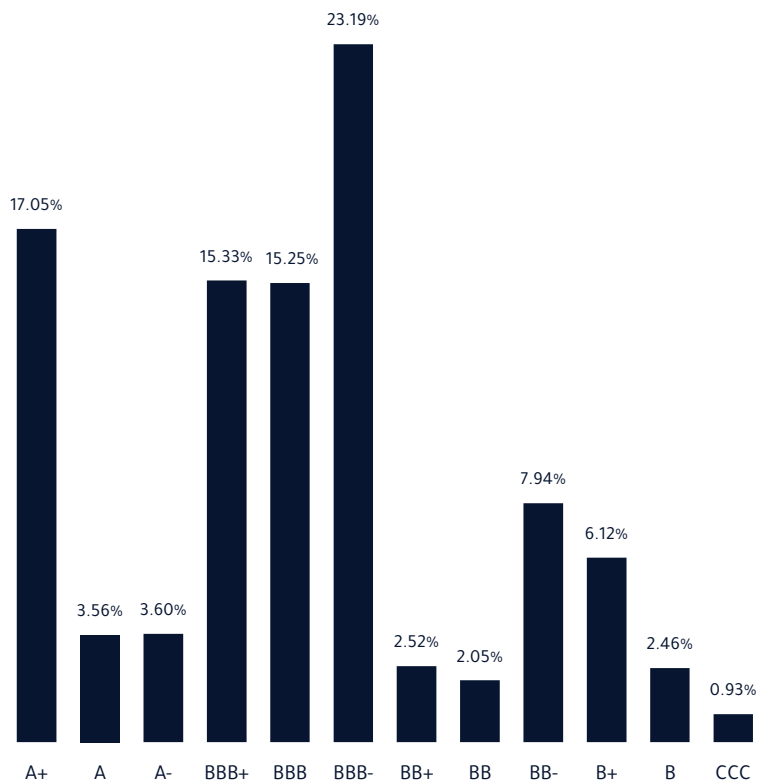
Regional Allocation



Industry Allocation

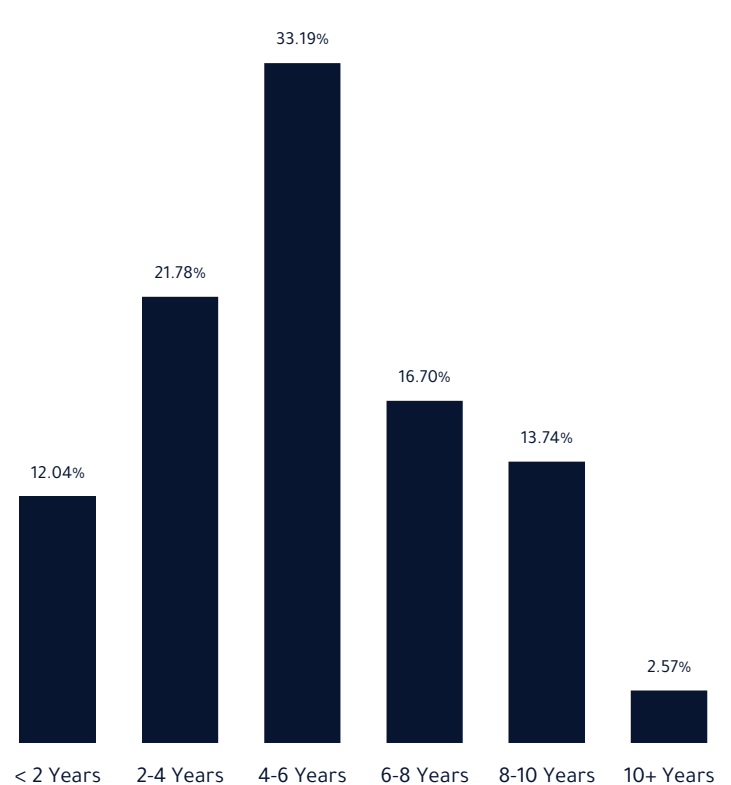


Credit Rating



Maturity Profile

(excluding cash)



Market Backdrop: The Duration Payback

If January was the month that punished duration, February was its mirror image. A wave of risk aversion—triggered by softening US growth data (Q4 GDP at a tepid 1.4%), a Services PMI slipping below 50, and the Supreme Court’s unprecedented strike-down of IEEPA tariffs—drove a powerful flight to quality. The US 10-year yield fell approximately 25 bps to 3.97%, and the 5-year Treasury delivered a strong **+1.23%** total return. Duration was rewarded, and the Sukuk market responded accordingly.

The Dow Jones Sukuk Index – our benchmark – returned **+0.92%**, benefiting from its higher allocation to long-dated, high-grade sovereigns. Against this rates-driven backdrop, the ASBC Global Sukuk Fund (Class C) delivered **+0.90%**. While the benchmark’s heavy sovereign duration captured the full magnitude of the rates rally, the Fund’s return was driven by a more balanced combination of credit carry and spread compression, a deliberate construction that we believe compounds more consistently across cycles. Year-to-date, the Fund has returned **+1.09%** versus the Index’s **+0.97%**, preserving **+12 bps of alpha** through two very different market regimes.

Performance Attribution: The Alpha Drivers

Our absolute return was underpinned by the same structural pillars that drove January’s outperformance, though the contribution mix shifted in line with the macro:

- **Tactical Duration Extension:** Recognizing the shifting rate environment, we extended our portfolio duration to **4.14 years** (from 4.01 in January), closing the gap with the Index’s 4.47 years. This tactical shift allowed us to participate in the rates rally while maintaining our credit-focused philosophy. The increase in our HG Sovereign & GRE 5Y+ allocation to **10.8%** (from 7.3% in January) was a key expression of this view.
- **Real Estate - Sustained Conviction:** The Real Estate sector continued its dominant run, with HY Real Estate 3-5Y delivering **+1.75%** (spreads -15 bps) and the 1-3Y bucket adding **+1.03%** (spreads -22 bps). Our **18.3%** allocation to Real Estate (vs. Index 3.3%) remains a cornerstone of the strategy, capturing the ongoing repricing of GCC property fundamentals.
- **Banks - The Reliable Core** Our strategic overweight in Banks (**35.0%** vs. Index 15%) delivered steady returns across the curve. Senior Financials 3-5Y returned **+0.74%** while IG Corps 3-5Y – where our bank subordinated debt sits – returned **+1.09%**. The portfolio’s increased allocation to IG Corps 3-5Y (**23.6%** vs. 21.6% in January) reflects selective additions to high-quality bank names that were repriced by January’s primary supply.
- **The Carry Cushion:** The Fund enters March with a Yield to Maturity of **5.49%**, providing a **+103 bps income advantage** over the benchmark (4.46%). Our G-Spread of 159 bps (vs. Index 74 bps) reflects the yield enhancement embedded in our active credit positioning. This structural carry is the Fund’s insurance policy: even when rates-driven moves temporarily favor the index, our income engine ensures we do not fall behind.

Strategy & Outlook: 2026 and Beyond

We view February’s macro shift as a potential inflection point. The move from “higher-for-longer” to stagflationary concern has created a market that is simultaneously pricing slower growth and sticky inflation—a complex setup that demands surgical credit work rather than blunt duration bets.

The Fund’s quality profile has improved meaningfully: our Investment Grade weighting has risen to **76.6%** (from 73.3% in January), reflecting our proactive rotation into higher-quality credits as we approach a more uncertain macro backdrop. We have been selectively adding IG Corps 5Y+ exposure (**14.7%** vs. 11.8% in January) to capture the rates tailwind while maintaining our yield premium through credit selection.

Geopolitical risks, from Iran’s Strait of Hormuz drills to continued trade policy volatility, reinforce our conviction in holding “National Champions”: issuers with fortress balance sheets and implicit sovereign support that perform well in both risk-on and risk-off environments. Our focus remains clear: delivering superior risk-adjusted income by prioritizing credit fundamentals over empty duration.

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