

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 90.98 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	220.94	1.41%	0.23%	4.78%
Share Class A ISIN: AEDFXA76C006	100.00	103.17	1.84%	-0.27%	3.17%
Share Class B ISIN: AEDFXA76C014	99.34	102.71	1.83%	-0.41%	3.40%
Share Class C ISIN: AEDFXA76C022	99.53	103.43	1.87%	-0.18%	3.92%
Share Class D ISIN: AEDFXA76C030	99.34	98.35	0.37%	-1.78%	1.87%

Current Allocations

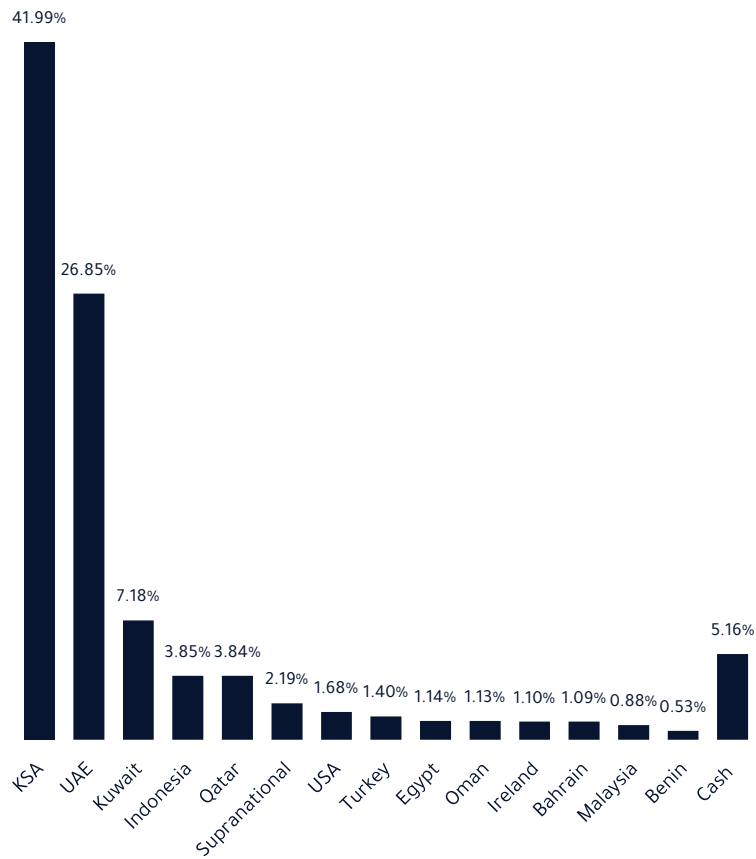
Number of Holdings	67
Average Coupon	5.11%
Average Yield	5.49%
Average Credit Rating	BBB+
Average Maturity	5.01
Modified Duration	4.03

* No annual reset for high-water mark

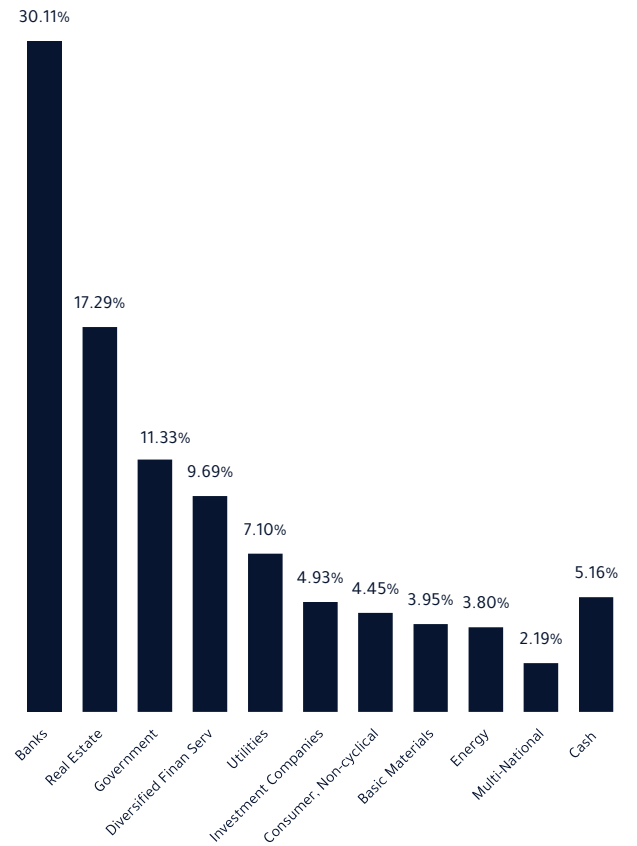
** Opening NAV of benchmark as of launch of the Fund. Benchmark performance is aligned with the fund's closing NAV date for the relevant period.

Current Allocation

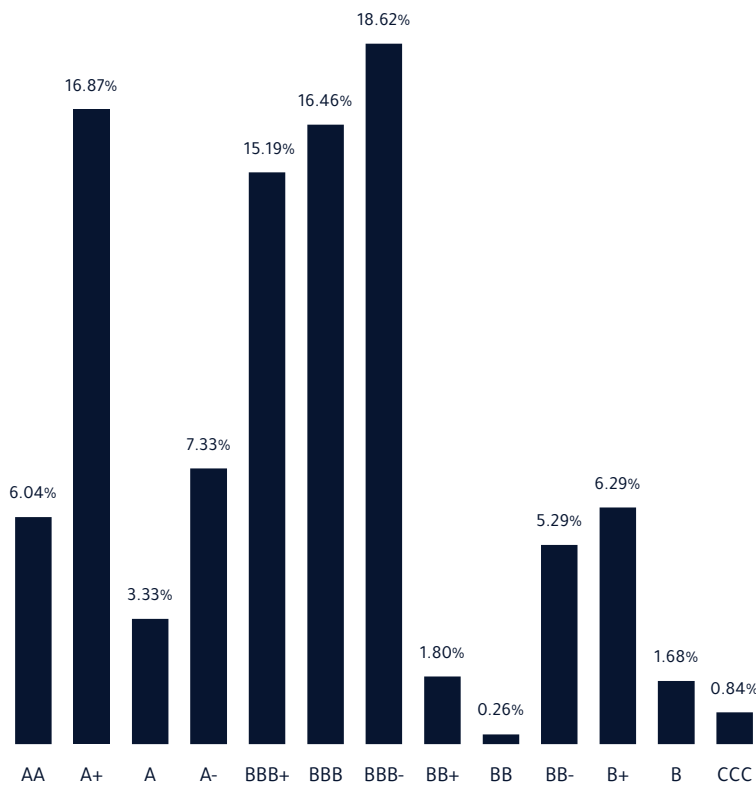
Regional Allocation



Industry Allocation

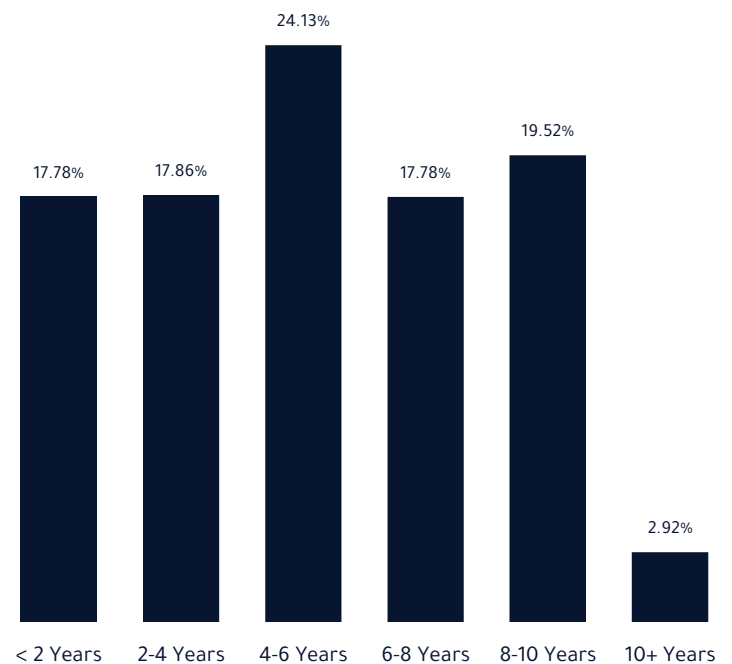


Credit Rating



Maturity Profile

(excluding cash)



Monthly Commentary

Market Backdrop: Ceasefire, Relief Rally, and a Stagflationary Undercurrent

April delivered a powerful, if fragile, recovery from March's war-driven sell-off. The month pivoted on 7-8 April when the US and Iran agreed to a Pakistan-brokered ceasefire, followed by negotiations on 11-12 April – the highest-level US-Iran engagement since 1979 – and Iran's announcement on 17 April that the Strait of Hormuz was open, which sent Brent crude plunging 11% to US\$90. The relief, however, proved short-lived: Iran reversed course within 48 hours, the US imposed a naval blockade of Iranian ports, and the month ended with a "dual blockade" still in place and Brent trading in the US\$108-114 range. The ceasefire holds, but the Strait remains contested.

The macro backdrop added to the complexity. On 30 April, US Q1 GDP came in at +2.0% annualized – a rebound from Q4's 0.5% but below the 2.3% consensus – while the US Q1 GDP Price index showed PCE surged to 4.5% annualized, its highest level in two years, driven largely by the energy shock. The combination of below-trend growth and accelerating inflation gave the month a distinctly stagflationary undertone. On 29 April, the Fed held rates at 3.5-3.75% at what was Chair Powell's final meeting, but the decision saw a historic **8-4 dissent** – the first four-member split since 1992 – with Governor Miran voting for a 25-bps cut and three members opposing the statement's easing bias. Powell announced he would remain on the Board of Governors, and markets are now pricing zero rate moves for the remainder of 2026. Kevin Warsh's confirmation as the incoming Fed Chair is expected on 15 May.

For fixed income, the net effect was constructive despite the macro noise. US 10-year Treasury yields eased from 4.46% at end-March to approximately 4.30% by end-April, providing a modest rates tailwind. More critically, credit spreads reversed sharply from their March wides. The rally was most violent in the segments that had been most punished: HY Real Estate 1-3Y G-spreads compressed approximately 279 bps, with total returns of **+7.3%**, and HY Real Estate 3-5Y compressed approximately 292 bps, delivering **+12.0%**. Investment grade segments rallied in a more orderly fashion, with IG G-spreads tightening 25-27 bps across the 1-3Y, 3-5Y and 5-10Y buckets. Against this backdrop, the Dow Jones Sukuk Index returned **+1.41%** for the month.

Performance & Executive Summary

The Fund (Class C) returned **+1.87%** for the month, **outperforming the benchmark by +46 bps**. Year-to-date, the Fund stands at **-0.18%** versus the Index's **+0.23%**, narrowing the YTD gap from -85 bps at end-March to **-41 bps**. April demonstrated the recovery dynamic we described in our March commentary: the same credit-led positioning that bears the brunt of an indiscriminate sell-off generates outsized returns when spreads normalize. The Fund's structural carry premium, combined with the sharp reversal in GCC HY Real Estate, drove meaningful outperformance in a month where the benchmark's sovereign-heavy composition captured less of the credit recovery.

Performance Attribution

The Real Estate overweight that was March's largest drag became April's largest contributor. Our 17.3% Real Estate allocation (vs. Index 3.5%) captured the full magnitude of the HY Real Estate recovery. With HY RE 1-3Y returning +7.3% and HY RE 3-5Y returning +12.0% at the segment level, this single sector overweight explains the majority of our +46 bps of relative outperformance. The direct engagement we conducted in March with the management teams of Sobha, Binghatti and Omniyat – each reaffirming strong liquidity positions – underpinned our conviction to hold these positions through the dislocation and into the recovery.

Banks contributed steadily through carry and spread compression. Our Banks allocation increased to 30.1% (from 27.7% in March, vs. Index 15.4%), reflecting selective additions during the dislocation to high-quality names that had cheapened without fundamental cause. Senior Financials and IG Corps segments returned +1.1% to +1.4% across the 1-5Y curve, adding to the Fund's absolute return.

The structural underweight to HG Sovereigns remained a mild relative headwind. Government allocation stood at 11.3% (vs. Index 35.8%). With HG Sovereign segments returning +0.7% to +1.9%, the underweight continued to cost us on a relative basis, though far less acutely than in March as the recovery was led by credit, not duration.

The carry engine continues to deliver. The Fund's Yield to Maturity stands at **5.49%** versus the Index's **4.86%**, a **+63bps** premium. This has compressed from the +95bps premium at end March, reflecting the mark-to-market recovery in our HY credits. The compression itself is the carry strategy working as designed: premium shrinks as our positions rally toward fair value.

Strategy & Outlook: Disciplined Through the Recovery

We used April's recovery to continue the quality rotation we began during March's dislocation. The Fund's **Investment Grade weighting has risen to 78.7% (from 76.1%)**, while **High Yield has been further reduced to 16.2% (from 18.4%)**. This is a deliberate choice: we are not chasing the recovery by adding HY risk at tighter spreads. Instead, we are locking in gains from our highest-conviction HY positions and rotating into IG names. Duration remains stable at **4.03 years** (vs. Index 4.49), maintaining our deliberate short-duration posture.

The macro backdrop demands continued vigilance. The incoming Warsh Fed inherits an unenviable setup: PCE inflation at 4.5%, a historic 8-4 FOMC split, and zero rate moves priced for 2026, all against a fragile ceasefire and oil prices still roughly 50% above pre-war levels. As Sukuk Funds manager, we interpret this as an environment that rewards carry and credit selection but punishes reaching for duration or adding uncompensated beta. Our portfolio positioning therefore reflects this conviction.

The portfolio's architecture comprises an income engine running at **5.49% YTM**, a quality profile at its strongest of the year (**78.7% IG**), 30.1% in fortress-balance-sheet banks, and a reduced Real Estate allocation, validated through the stress test and the recovery. The path back to positive YTD alpha – currently -41 bps behind the benchmark – is driven by the carry differential compounding, active management across different issuer curves, credit profiles and duration positioning, and continued normalization of spreads as the Hormuz situation evolves. Our mandate is unchanged: credit fundamentals over macro noise, and the discipline to position accordingly.

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