

# Arqaam Islamic Funds (OEIC) PLC

## Arqaam Islamic Income Fund

May 2024



### Fund Description

The investment objective of the Arqaam Islamic Income Fund (a sub-Fund of Arqaam Islamic Funds (OEIC) PLC) is to invest in securities and or instruments with the aim to provide the Shareholders with Shari'ah compliant returns. The Arqaam Islamic Income Fund will only invest in Shari'ah compliant securities and instruments approved by the Shari'ah Supervisory Board. The Arqaam Islamic Income Fund will target an annual average return of 5%, net of Fees.

### Fund Manager's Commentary

The "C" share class of the fund was up 1.22% in May while the FTSE Ideal Ratings Sukuk Index was up 1.14%. May witnessed stronger rates after the April sell off, driven by weaker economic data prints, including the ISM Manufacturing, Non-Farm Payrolls, CPI MoM, and Consumer Confidence. Market expectations, in April, introduced for the first time the hint of a hike possibility, which was clearly refuted at the FOMC meeting. The Fed, after maintaining rates unchanged, however recognized the relative strength of the labor market and conveyed that it remains data dependent. The market is now pricing 1-2 rate cuts and US 10y Treasury yields tightened by 20 bps throughout the month ending at 4.49%. Credit spreads continue to display a negative correlation with UST yields and keep acting as a shock absorber to the rates moves, in both IG and HY space.

Our increase in duration and IG repositioning implemented last month has contributed to our outperformance vs the index. Unsurprisingly, the best performers this month were the longer duration IG names like SECO 53, DPW 33 and ARAMCO 31. The underperformers, although their returns were flat, were HY short duration papers like DUKHAN perp and WARBAB perp.

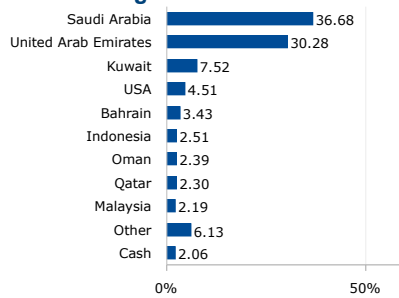
### Fund Return

	MTD	YTD	1 Yr	3 Yrs	5 Yrs	SI
Class A Accumulation Shares	1.15%	0.77%	3.75%	-0.82%	7.13%	12.22%
Class B Distribution Shares	1.15%	0.77%	3.75%	-0.82%	7.14%	12.23%
Class C Institutional Accumulation Shares	1.22%	1.10%	4.57%	1.55%	11.45%	18.43%
Class D Distribution Shares	1.20%	0.99%	4.30%	0.31%	7.81%	12.80%
Class E Distribution Shares	1.12%	0.62%	3.42%	-1.56%	5.72%	7.53%
Class G Distribution Shares	1.19%	0.95%	4.19%	0.43%	-	1.69%
Class H Distribution Shares	1.10%	0.54%	2.74%	-	-	2.74%
Class I Distribution Shares	1.20%	0.99%	4.30%	-	-	5.33%
Class J Distribution Shares	1.19%	0.95%	4.19%	-	-	5.16%

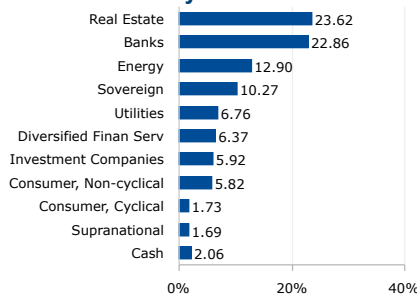
### Annual Returns

	2020	2021	2022	2023	2024
Class A Accumulation Shares	2.49%	-0.52%	-3.95%	3.98%	0.77%
Class B Distribution Shares	2.49%	-0.52%	-3.95%	3.98%	0.77%
Class C Institutional Accumulation Shares	3.30%	0.27%	-3.19%	4.80%	1.10%
Class D Distribution Shares	2.16%	-0.78%	-3.45%	4.52%	0.99%
Class E Distribution Shares	2.18%	-0.81%	-4.04%	3.63%	0.62%
Class G Distribution Shares	0.13%	-0.10%	-3.55%	4.41%	0.95%
Class H Distribution Shares				2.19%	0.54%
Class I Distribution Shares			-0.23%	4.53%	0.99%
Class J Distribution Shares			-0.23%	4.41%	0.95%

### Regional Allocation



### Industry Allocation



### Total Distribution per share\*\*

	Frequency	2017	2018	2019	2020	2021	2022	2023	2024 (YTD)
Class B Distribution Shares	Quarterly	-	1.29%	6.89%	3.33%	1.79%	1.07%	3.30%	1.52%
Distribution Target		-	5%	5%	5%	5%	5%	6.5%	6.5%
Class D Distribution Shares	Quarterly	-	2.26%	4.88%	5.14%	5.15%	3.97%	6.89%	1.52%
Class E Distribution Shares	Monthly	-	-	3.72%	4.73%	5.55%	5.11%	7.06%	2.79%
Class G Distribution Shares	Monthly	-	-	-	0.42%	5.10%	5.05%	7.38%	3.03%
Class H Distribution Shares	Monthly	-	-	-	-	-	-	3.30%	2.73%
Class I Distribution Shares	Monthly	-	-	-	-	-	-	6.90%	2.77%
Class J Distribution Shares	Monthly	-	-	-	-	-	-	7.61%	3.11%

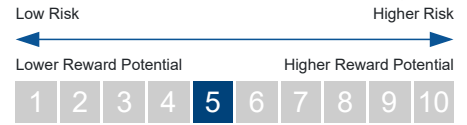
\*Excluding cash except for Average Credit Rating

\*\*The dividend returns reported are calculated based on the Average NAV/unit over the period.

\*\*\*Source and Copyright: Citywire. Abdul Kadir Hussain is A rated by Citywire for his rolling 3 year risk-adjusted performance, for the period May 2021 to May 2024.

Note: Arqaam Islamic Income Fund NAV figures derived are as of 31 May 2024. All info & opinions obtained from Bloomberg, Fund Administrator and/or Fund Manager and believed to be fair and not misleading. But Arqaam does not guarantee their accuracy or completeness. Past performance not a guarantee of future returns.

### Arqaam Capital Product Risk Rating



Source: Arqaam Capital Limited. Based on Arqaam internal product risk rating

### Net Asset Value per share

Class A Shares	USD 112.2209
Class B Shares	USD 92.3940
Class C Shares	USD 118.4313
Class D Shares	USD 82.4430
Class E Shares	USD 80.8939
Class G Shares	USD 82.4610
Class H Shares	USD 97.2416
Class I Shares	USD 82.0887
Class J Shares	USD 79.4551

### Top Holdings\*

TFG SUKUK I LTD	5.13%
TMS ISSUER SARL	4.93%
SA GLOBAL SUKUK LTD	4.80%
AIR LEASE CORP SUKUK LTD	4.61%
SAUDI ELECTRICITY SUKUK	4.24%

### Fund Statistics\*

Average Coupon	5.53%
Average Credit Rating	BBB-
Average Maturity	6.18
Average Yield	6.51%
Modified Duration	4.39

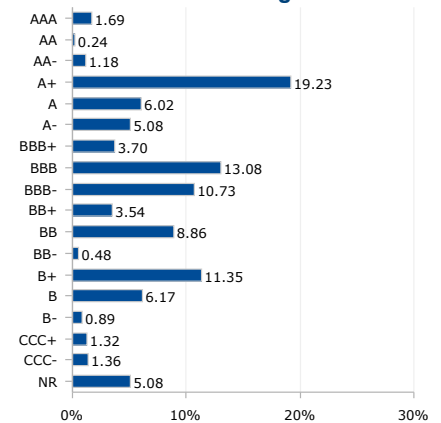
### Investment Team\*\*\*

CIO: Abdul Kadir Hussain, CFA

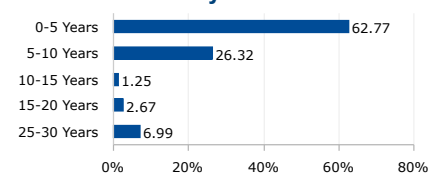


PM: Mehdi Popotte, CFA

### Credit Rating



### Maturity Profile\*





**Monthly Performance (%)**

**Class A Accumulation Shares**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2024	-0.32	0.11	0.82	-0.97	1.15								0.77
2023	1.41	-0.61	-0.05	0.33	-0.07	0.45	-0.04	-0.37	-0.89	-1.02	2.62	2.24	3.98
2022	-0.56	-0.60	-1.13	-0.88	-0.64	-1.12	0.12	0.62	-2.09	-0.61	2.43	0.49	-3.95
2021	0.81	-0.10	-0.24	1.04	-0.55	-1.16	0.14	0.34	0.18	-0.13	-0.97	0.14	-0.52
2020	1.15	-0.14	-9.40	0.04	1.88	1.79	1.57	2.02	0.38	1.02	1.43	1.29	2.49
2019	1.19	0.92	0.76	0.56	0.52	1.25	1.20	1.24	-0.12	0.20	0.27	0.30	8.59
2018	0.37	-0.54	-0.27	-0.39	-0.24	-0.07	0.63	0.28	0.40	0.02	0.10	0.40	0.67
2017								-0.29	0.09	-0.04	-0.19	0.48	0.04

**Class B Distribution Shares**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2024	-0.32	0.11	0.82	-0.97	1.15								0.77
2023	1.41	-0.61	-0.05	0.33	-0.07	0.45	-0.04	-0.37	-0.89	-1.02	2.62	2.24	3.98
2022	-0.56	-0.60	-1.13	-0.88	-0.64	-1.12	0.12	0.62	-2.09	-0.61	2.43	0.49	-3.95
2021	0.81	-0.10	-0.24	1.04	-0.55	-1.16	0.14	0.34	0.18	-0.13	-0.97	0.14	-0.52
2020	1.15	-0.14	-9.40	0.04	1.88	1.79	1.57	2.02	0.38	1.02	1.43	1.29	2.49
2019	1.19	0.92	0.76	0.56	0.52	1.25	1.20	1.24	-0.12	0.20	0.27	0.30	8.59
2018	0.37	-0.54	-0.27	-0.39	-0.24	-0.07	0.63	0.28	0.40	0.02	0.10	0.40	0.67
2017								-0.29	0.09	-0.04	-0.20	0.48	0.04

**Class C Institutional Accumulation Shares**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2024	-0.25	0.17	0.88	-0.90	1.22								1.10
2023	1.48	-0.55	0.02	0.39	0.00	0.51	0.03	-0.31	-0.83	-0.95	2.69	2.31	4.80
2022	-0.49	-0.54	-1.06	-0.82	-0.57	-1.05	0.18	0.70	-2.02	-0.55	2.50	0.56	-3.19
2021	0.88	-0.04	-0.17	1.10	-0.48	-1.10	0.21	0.41	0.25	-0.06	-0.91	0.21	0.27
2020	1.21	-0.08	-9.33	0.10	1.95	1.86	1.63	2.09	0.45	1.08	1.51	1.36	3.30
2019	1.26	0.98	0.82	0.62	0.58	1.32	1.27	1.30	-0.05	0.27	0.33	0.37	9.44
2018	0.43	-0.48	-0.21	-0.32	-0.18	-0.01	0.70	0.34	0.47	0.08	0.16	0.47	1.46
2017										-0.03	-0.13	0.55	0.38

**Class D Distribution Shares**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2024	-0.27	0.15	0.86	-0.92	1.20								0.99
2023	1.46	-0.57	0.00	0.37	-0.03	0.49	0.01	-0.33	-0.85	-0.98	2.67	2.28	4.52
2022	-0.51	-0.56	-1.08	-0.84	-0.60	-1.07	0.16	0.67	-2.04	-0.57	2.48	0.54	-3.45
2021	0.79	-0.12	-0.26	1.01	-0.58	-1.19	0.12	0.31	0.16	-0.16	-1.00	0.17	-0.78
2020	1.12	-0.16	-9.42	0.01	1.85	1.76	1.54	1.99	0.36	0.99	1.41	1.26	2.16
2019	1.19	0.85	0.73	0.53	0.49	1.21	1.17	1.21	-0.15	0.17	0.39	0.28	8.37
2018			-0.11	-0.42	-0.27	-0.10	0.60	0.25	0.37	-0.02	0.07	0.39	0.75

**Class E Distribution Shares**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2024	-0.35	0.08	0.79	-1.00	1.12								0.62
2023	1.38	-0.63	-0.08	0.29	-0.11	0.42	-0.08	-0.35	-0.92	-1.06	2.59	2.21	3.63
2022	-0.59	-0.63	-1.15	-0.91	-0.68	-1.14	0.11	0.63	-2.09	-0.62	2.42	0.62	-4.04
2021	0.78	-0.12	-0.26	1.01	-0.58	-1.18	0.11	0.32	0.15	-0.16	-1.00	0.12	-0.81
2020	1.12	-0.16	-9.42	0.02	1.85	1.76	1.54	1.99	0.36	1.00	1.40	1.26	2.18
2019			0.68	0.53	0.49	1.24	1.17	1.21	-0.15	0.18	0.25	0.28	6.02

**Class G Distribution Shares**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2024	-0.28	0.14	0.85	-0.93	1.19								0.95
2023	1.45	-0.58	-0.01	0.36	-0.04	0.48	0.00	-0.34	-0.86	-0.99	2.66	2.27	4.41
2022	-0.52	-0.57	-1.09	-0.85	-0.61	-1.08	0.15	0.66	-2.05	-0.58	2.47	0.53	-3.55
2021	0.85	-0.07	-0.20	1.07	-0.51	-1.13	0.18	0.38	0.22	-0.09	-0.94	0.18	-0.10
2020												0.13	0.13

**Class H Distribution Shares**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2024	-0.37	0.06	0.77	-1.01	1.10								0.54
2023						0.00	-0.09	-0.42	-0.93	-1.08	2.59	2.17	2.19

**Class I Distribution Shares**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2024	-0.27	0.15	0.86	-0.92	1.20								0.99
2023	1.46	-0.57	0.00	0.37	-0.03	0.49	0.01	-0.33	-0.85	-0.98	2.67	2.28	4.53
2022												-0.23	-0.23

**Class J Distribution Shares**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2024	-0.28	0.14	0.85	-0.93	1.19								0.95
2023	1.45	-0.58	-0.01	0.36	-0.04	0.48	0.00	-0.34	-0.86	-0.99	2.66	2.27	4.41
2022												-0.23	-0.23



## Fund Highlights\*

<b>Fund Type</b>	DFSA Public Domestic Fund
<b>Launch Date</b>	August 22, 2017
<b>Domicile</b>	Dubai International Financial Centre, Dubai
<b>DFSA Ref</b>	C000047A
<b>Investment Team**</b>	CIO: Abdul Kadir Hussain, CFA 
	PM: Mehdi Popotte, CFA
<b>Currency</b>	USD
<b>Benchmark</b>	NIL
<b>Fund Manager</b>	Arqaam Capital Limited - Regulated by Dubai Financial Services Authority
<b>Administrator</b>	Apex Fund Services (Dubai) Limited
<b>Custodian</b>	Standard Chartered Bank, DIFC Branch
<b>Valuation Day</b>	Each Business Day
<b>Dealing Day</b>	Each Business Day
<b>ISIN</b>	Class A Shares - AEDFXA3ON005 Class B Shares - AEDFXA3ON021 Class C Shares - AEDFXA3ON039 Class D Shares - AEDFXA3TN004 Class E Shares - AEDFXA3TN038 Class F Shares - AEDFXA3TN046 Class G Shares - AEDFXA05C088 Class H Shares - AEDFXA05C195 Class I Shares - AEDFXA05C179 Class J Shares - AEDFXA05C187
<b>Bloomberg Ticker</b>	Class A Shares - ARQAIIA UH Class B Shares - ARQAIIB UH Class C Shares - ARQAIIC UH Class D Shares - ARQAIID UH Class E Shares - ARQAIIE UH Class F Shares - ARQAIIF UH Class G Shares - ARQAIIG UH Class H Shares - ARQAIIH UH Class I Shares - ARQAIII UH Class J Shares - ARQAIIJ UH
<b>Settlement for Subscription</b>	2 Business days prior to Dealing Day
<b>Settlement for Redemption</b>	Within 5 Business days after the Dealing Day
<b>Notice Period</b>	2 Business days for Subscription and Redemption
<b>Subscription Fee</b>	Class A & B Shares - Up to 5% Class C, D, E, F, G, H, I & J Shares - 0%

## Minimum Subscription

Class A, B, G, H, I & J Shares - USD 3,000 and in multiples of USD 3,000 thereafter.  
Class C Shares - USD 250,000 and in multiples of USD 100,000 thereafter.  
Class D, E & F Shares: USD 3,000 and in multiples of USD 3,000 thereafter (Closed for new subscriptions).

## Management Fee

Class A & B Shares - 1.5%  
Class C Shares - 0.75%  
Class D, E & I Shares - 1%  
Class F, G, H & J Shares - 1.1%

## Performance Fee

NIL

## Deferred Services / Redemption Fee

Share Class will follow the below fee schedule  
Class D  
Within 12 months: 2.5%  
13 to 24 months: 1.7%  
25 to 36 months: 0.9%  
Class E  
Within 12 months: 2.5%  
13 to 24 months: 1.67%  
25 to 36 months: 0.84%  
Class F  
Within 12 months: 1.5%  
13 to 24 months: 1%  
25 to 36 months: 0.5%  
Class H  
Within 12 months: 3%  
13 to 24 months: 2%  
25 to 36 months: 1%

## Deferred Sales Fee

Class D & E shares - 2.5%  
Class F shares - 1.5%  
Class H shares - 3.0%

## VAT/Taxes

5% VAT and any other applicable taxes

## Other Standard Costs, Fees & Expenses

As detailed in the Prospectus

\* These are only the key highlights of this fund. Further details, including all additional standard fees, costs and expenses and other terms are set out in the prospectus. The prospectus' terms, rates and conditions shall prevail in the event of any discrepancies or errors.

\*\* Source and Copyright: Citywire. Abdul Kadir Hussain is A rated by Citywire for his rolling 3 year risk-adjusted performance, for the period May 2021 to May 2024.

Follow our LinkedIn page <https://www.linkedin.com/company/arqaam-capital/> for all the latest updates and our monthly commentary from the Fixed Income Asset Management desk



## Disclaimer and Risk Warning

### 1. Author, regulator and responsibility

This document has been issued by Arqaam Capital Limited ("Arqaam") in its capacity as Fund Manager of the Fund. Arqaam is incorporated in the Dubai International Financial Centre ("DIFC") and authorised and regulated by the Dubai Financial Services Authority ("DFSA") to carry on financial services in and from the DIFC.

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### 6. Domestic Public Fund

The Fund is an umbrella Shari'ah compliant fund registered as an open-ended investment company in the Dubai International Financial Centre and classified as a Public Fund in accordance with the Collective Investment Law No. 2 of 2010 and Collective Investment Rules of the DFSA. The Fund may have one or more sub-funds. This document relates only to the sub-fund specified in this document. The Fund is registered with the DFSA. The DFSA has no responsibility for reviewing or verifying any document or other documents in connection with the Fund. Accordingly, the DFSA has not approved any information about the Fund or any other associated documents nor taken any steps to verify the information set out in this document, and has no responsibility for it. Prospective purchasers of any shares in the Fund should conduct their own due diligence on the Fund, such investment will be subject to the terms and conditions asset out in the Fund documentation.

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Any prices, valuations or forecasts are indicative and are not intended to predict actual results, which may differ substantially from those reflected. The value of an investment may go up as well as down. The value of and income from any investment may fluctuate from day to day as a result of changes in relevant economic markets (including, without limitation, foreseeable or unforeseeable changes in interest rates, foreign exchange rates, default rates, prepayment rates, political or financial conditions, etc.). Past performance is not indicative of future results. Any opinions, estimates, valuations or projections (target prices and ratings in particular) are inherently imprecise and a matter of judgement. They are statements of opinion and not of fact, based on current expectations, estimates and projections, and rely on beliefs and assumptions. Actual outcomes and returns may differ materially from what is expressed or forecasted. There are no guarantees of future performance. Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors. This document does not propose to identify or to suggest all of the risks (direct or indirect) which may be associated with the investments and strategies referred to herein.

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