

Fund Facts	Fund Brief	Subscription & Fees
Fund Manager ASB Capital Limited DIFC, Dubai, UAE Prudential Supervision: DFSA	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.	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)
Investment Manager Arqaam Capital Limited DIFC, Dubai, UAE Prudential Supervision: 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.	Subscription Fee Up to 5%
Inception Date 1 May 2025		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)
Asset Class Global Sukuk		Performance Fee 10% of profits - Hurdle Rate of 8% per annum - High-Water Mark*
Benchmark Dow Jones Sukuk Index	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.	Diversification Rules
Investment Universe Global Sukuk Issuances	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.	Average Credit Quality Investment Grade
Issue Currency USD	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.	Average Maturity Maximum 7 Years
AUM USD 113.40 million		Maximum Position in an Issuer 15%
Liquidity Weekly NAV		Maximum Position in Any Security 15%
Administrator & Custodian First Abu Dhabi Bank		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	218.33	-1.91%	-0.95%	3.55%
Share Class A ISIN: AEDFXA76C006	100.00	102.28	-1.77%	-1.13%	2.28%
Share Class B ISIN: AEDFXA76C014	99.34	101.61	-1.81%	-1.48%	2.29%
Share Class C ISIN: AEDFXA76C022	99.53	102.65	-1.75%	-0.94%	3.14%
Share Class D ISIN: AEDFXA76C030	99.34	96.15	-1.77%	-1.24%	2.93%

Current Allocations

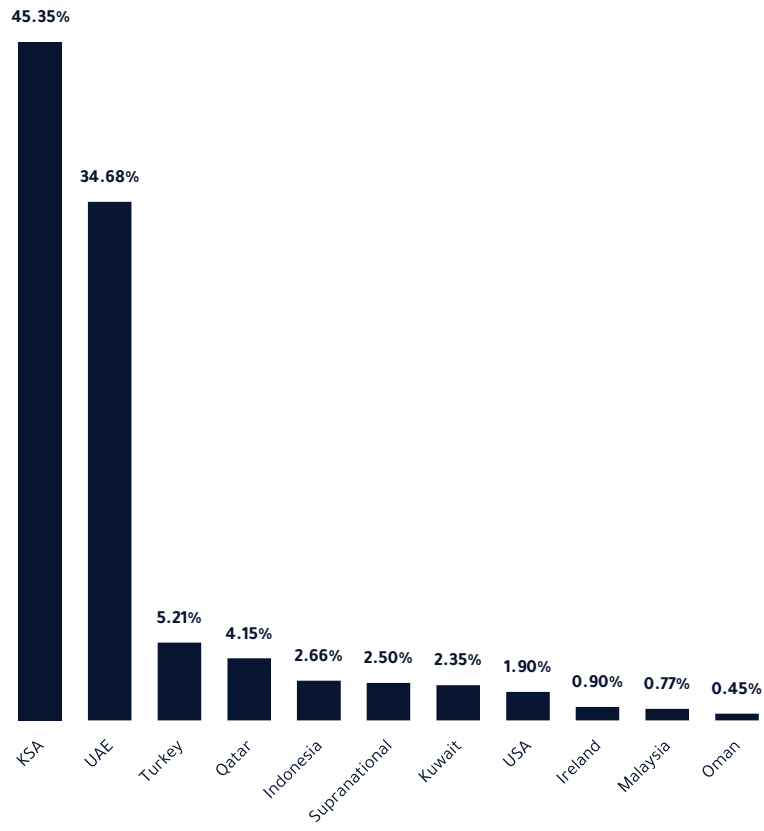
Number of Issuers	38
Average Coupon	5.80%
Average Yield	6.67%
Average Credit Rating	BBB
Average Maturity	5.25
Modified Duration	4.12

* No annual reset for high-water mark

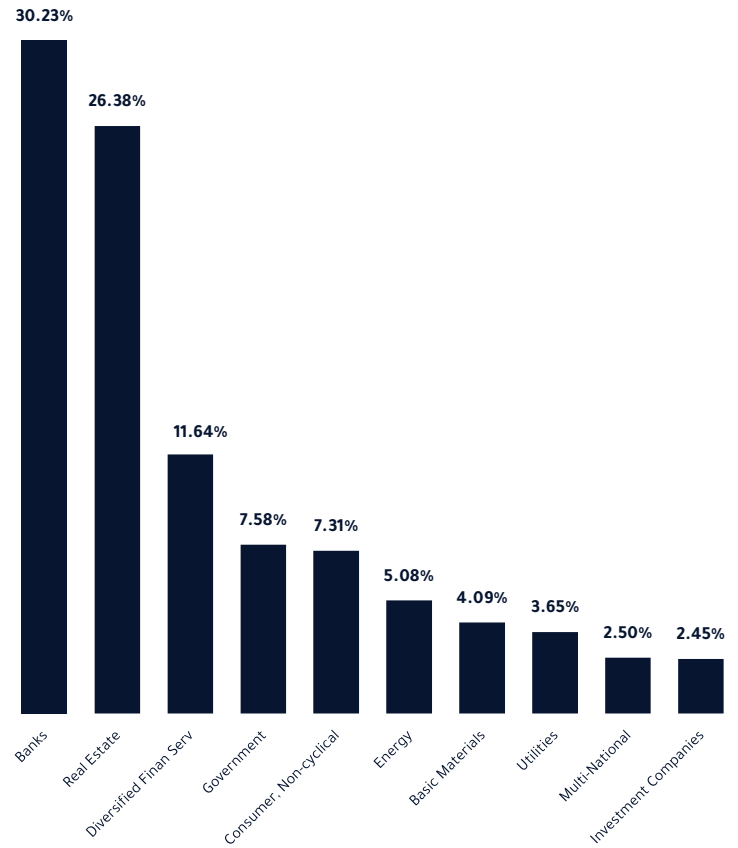
** Opening NAV of benchmark as of launch of the Fund. Benchmark performance is aligned with the fund's closing NAV date for the relevant period.

Current Allocation

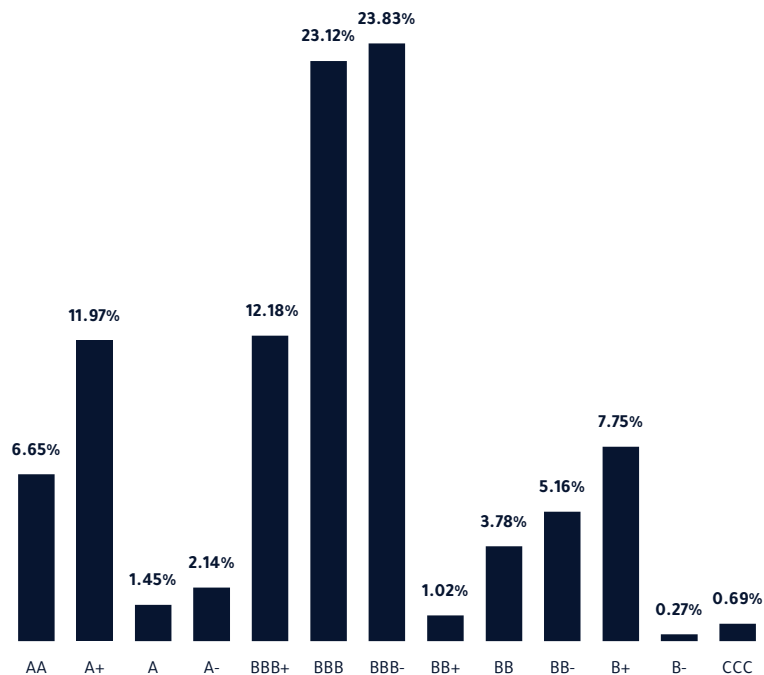
Regional Allocation



Industry Allocation

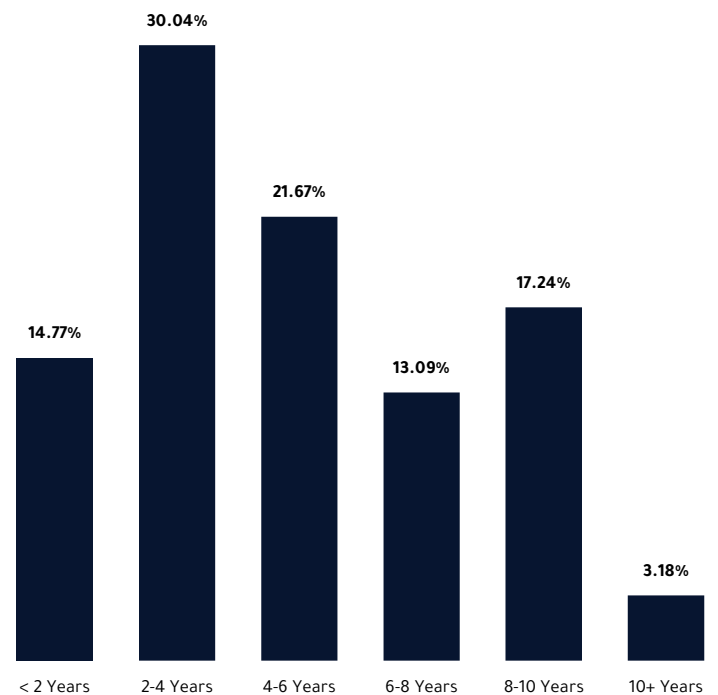


Credit Rating



Maturity Profile

(excluding cash)



Monthly Commentary

Market Backdrop: The Hiking Cycle Begins, Treasuries Reach 19-Year Highs

September was the most difficult month for global fixed income since the conflict began, and the damage was almost entirely rates-driven. On 16 September the Federal Reserve raised the target range by 25 bps to 3.75-4.00%, its first increase since July 2023, on a unanimous 12-0 vote. The statement dropped June's references to supply shocks and stated plainly that "inflation remains elevated." Chair Warsh described the move as removing "a dose of accommodation" and, true to form, declined to offer any guidance on the path ahead: "I'm not in the forward guidance business." The dot plot showed a clear majority of participants projecting at least one further hike before year-end.

The bond market took the message and ran with it. The US 10-year yield rose from 4.73% at end-August to **5.29% on 30 September**, a 56 bps move in a single month and the highest level since 2007, while the 30-year pushed above 5.5%, its highest since 2004. The 2-year rose by a comparable 55 bps to 4.90%. The selloff accelerated in the final week after President Trump rejected Iran's seven-day proposal to reopen the Strait of Hormuz on 26 September, sending Brent back above USD 106 per barrel and closing the month up roughly 14%, its largest monthly gain since July. A lighter-than-expected August core PCE reading of 3.0% on 30 September offered only brief relief.

For Sukuk, duration was the sole determinant of outcome. The Dow Jones Sukuk Index returned **-1.91%** (27 August to 24 September). Credit spreads widened only modestly, investment grade by 7-16 bps across the curve, high yield by 2-17 bps, but the long end was punished without mercy: **KSA Sovereign & GRE 10-20Y returned -6.64%**, **QATAR Sov 5-10Y -5.03%**, **Indonesia Sovereign 10-20Y -4.90%** and **KSA Sovereign & GRE 5-10Y -3.69%**. By contrast, the segments that held up were short-dated and credit-heavy: **Dubai HY RE 3-5Y returned -0.20%** with spreads 22 bps tighter, **Dubai HY RE 1-3Y -0.31%**, and **UAE Subs 1-3Y +0.08%**, the only segment in the universe to post a positive return. Among the worst credit moves, **KSA HY RE 1-3Y widened 56 bps** and Bahrain sovereign spreads gapped 36-44 bps wider.

Performance & Executive Summary

The Fund (Class C) returned **-1.75%** over the period, **outperforming the benchmark by +16 bps**. Year-to-date, the Fund stands at **-0.94%** versus the Index's **-0.95%**. The year-to-date gap has now closed entirely, from -85 bps at end-March to parity. Fund AUM stood at **USD 113.4 million**.

In a month where the only thing that mattered was how much long-dated sovereign duration a portfolio carried, the Fund's long-standing structural preference for credit carry over sovereign duration was decisive. We did not need to trade our way out of September; the positioning built through the summer did the work. Where we did act, it was surgical: adding to the Dubai high-yield real estate segments that proved the most resilient in the market, and trimming Saudi subordinated paper into a modest tightening.

Performance Attribution

Caution on long-dated sovereigns was the principal source of outperformance. The Fund has remained deliberately light across **KSA Sovereign & GRE 5-10Y and 10-20Y** and **QATAR Sovereign 5-10Y** throughout 2026, and those segments returned -3.69%, -6.64% and -5.03% respectively. With portfolio duration at **4.12 years against the Index's 4.28**, and that duration concentrated in credit rather than sovereign paper, the Fund was structurally insulated from the worst of the selloff.

Dubai high-yield real estate was the best-performing credit in the market, and we added to it. We increased **Dubai HY RE 1-3Y** over the month, a segment that returned -0.31% against an index return of -1.91%, and retained our constructive stance on the Saudi real estate complex. **Dubai HY RE 3-5Y** returned -0.20% as spreads tightened 22 bps – one of the strongest spread performances in the universe during a month of broad widening.

Monthly Commentary

Saudi IG perpetuals and Tier 2 remained the core carry engine and performed in line with their duration. KSA IG perps 3-5Y returned -1.74% and **KSA IG T2 3-5Y** -2.01%, with spreads 13-16 bps wider, a rates-driven mark-to-market rather than a credit event. The carry from these positions, now yielding close to 7%, continues to compound.

Saudi subordinated paper was trimmed into a modest tightening. We reduced **KSA Subs 3-5Y** over the month; the segment returned -1.08% with spreads 7 bps tighter, and the reduction locked in relative outperformance.

Our preference for UAE investment grade over Saudi sovereign paper at the front end was rewarded again. UAE IG GRE & Corps 1-3Y returned -0.90% with spreads just 4 bps wider, against **KSA Sovereign & GRE 1-3Y** at -1.14% and 19 bps wider, and **KSA Senior Financials 1-3Y** at -1.16% and 26 bps wider.

Strategy & Outlook

The Fund enters October with a Yield to Maturity of **6.67%** against the Index's **5.65%**, a **+102 bps** carry premium, duration of **4.12 years**, investment grade quality of **82.2%** and an average credit rating of **BBB**. The yield has risen 53 bps from August as the rates backup repriced the entire portfolio, and the Fund remains fully invested. We have not reached for duration into the selloff: with a Fed that has begun hiking and signalled a preference for a "timelier return" to target, oil above USD 100 and a Strait of Hormuz still effectively closed, we see little case for extending at this stage.

The year-to-date gap to the benchmark has closed from -85 bps at the end of March to parity, and it has done so through four consecutive months of positioning discipline rather than a single tactical call. The structural case remains intact: GCC credit fundamentals are sound, oil revenues are strengthening sovereign and quasi-sovereign balance sheets, and the Fund's income advantage of over 100 bps compounds regardless of the direction of Treasury yields. Our mandate is unchanged: credit fundamentals over macro noise, carry compounding over duration bets.

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