

# ARQAAM CAPITAL

## Arqaam Islamic Funds (OEIC) PLC – Arqaam Islamic Income Fund

December 2020



### 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 6%, net of Fees.

### Fund Manager's Commentary

The Fund returned 1.36% for the C class in December, which underperformed the 1.92% return on the S&P HY Sukuk index for the month. The top performers in the fund were Serba Dinamik, Garuda and Dar Al Arkan. The C share-class ended the year up 3.3%, while the S&P High Yield Sukuk index was up 4.5. The S&P index is fairly concentrated with only 31 names, while our fund is more diversified with over 70 positions. Starting in 2021 we will use a hybrid benchmark between the S&P HY index and the Dow Jones IG Index which is much more diversified.

December was another good month for the markets as the vaccine roll out was anticipated and the Fiscal Stimulus package in the US came close to approval. The best performers in the fund were some of the highest yielding names, like Serba and Garuda.

The new issue market was quiet in the month, but we expect activity to restart early in the year. We are fairly aggressively positioned in terms of exposure to high yield and perpetual names in the fund as we expect risk appetite to remain firm in the first quarter of the year.

### Fund Return

#### MTD

Class A Accumulation Shares		1.29%
Class B Distribution Shares		1.29%
Class C Institutional Accumulation Shares		1.36%
Class D Distribution Shares		1.26%
Class E Distribution Shares		1.26%
Class F Distribution Shares		1.28%
Class G Distribution Shares		0.13%

#### YTD

	2017	2018	2019	2020
Class A Accumulation Shares	0.05%	0.69%	8.29%	2.49%
Class B Distribution Shares	0.05%	0.69%	8.29%	2.49%
Class C Institutional Accumulation Shares	0.39%	1.45%	9.07%	3.30%
Class D Distribution Shares	-	0.76%	8.07%	2.16%
Class E Distribution Shares	-	-	5.88%	2.18%
Class F Distribution Shares	-	-	0.76%	2.41%
Class G Distribution Shares	-	-	-	0.13%

### Total Distribution per share

YTD	2017	2018	2019	2020 (YTD)
Class A Accumulation Shares	-	-	-	-
Class B Distribution Shares	-	1.29%	6.89%	3.33%
Class C Institutional Accumulation Shares	-	-	-	-
Class D Distribution Shares	-	2.26%	4.88%	5.14%
Class E Distribution Shares	-	-	3.72%	4.73%
Class F Distribution Shares	-	-	0.84%	4.80%
Class G Distribution Shares	-	-	-	0.42%

### Top Holding\*

DARALA 6 7/8 02/26/27	3.64%
SHARSK 3.234 10/23/29	3.44%
SDHMK 6.9965 03/12/25	3.35%
DIBUH 6 1/4 PERP	3.34%
DPWDU 6 PERP	2.65%

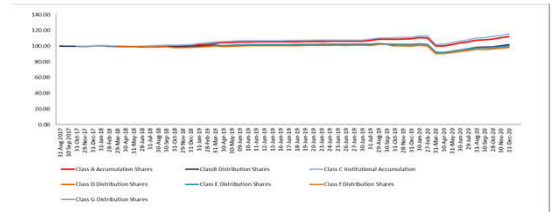
### Fund Statistics\*

Average Coupon	5.10%
Fund Rating	BB
Average Maturity	5.13
Average Yield	4.30%
Modified Duration	4.12

\* Excluding Cash;

**Note:** Figures are derived from Arqaam Islamic Income Fund NAV report as of 31<sup>st</sup> December 2020. Past performance as illustrated herein is not a guarantee of future returns. The information contained herein, including any expression of opinion, has been obtained from Bloomberg, Fund Administrator and/or Fund Manager and is believed to be fair and not misleading. However, Arqaam Capital does not guarantee its accuracy or completeness.

### Performance (Chart) for Class A ,B ,C ,D ,E and F Shares



### Arqaam Capital Product Risk Rating



Source: Arqaam Capital Limited. Based on Arqaam's internal product risk for suitability assessment

### Net Asset Value per share

Class A Shares	USD 112.0856
Class B Shares	USD 101.8429
Class C Shares	USD 115.1491
Class D Shares	USD 99.9144
Class E Shares	USD 100.0245
Class F Shares	USD 97.9944
Class G Shares	USD 100.1265

### Regional Allocation

UAE	40.98%
Saudi Arabia	16.20%
Kuwait	6.77%
Malaysia	4.87%
Qatar	4.85%
Indonesia	4.57%
Bahrain	4.35%
Turkey	4.34%
Oman	2.63%
Pakistan	2.10%
Supranational	0.27%
Cash	8.07%

### Industry Allocation

Banks	24.61%
Sovereign	20.85%
Real Estate	15.98%
Financial	7.24%
Industrial	6.39%
Consumer, Non-cyclical	4.81%
Consumer, Cyclical	4.55%
Utilities	4.21%
Telecommunications	2.41%
Basic Materials	0.60%
Supranational	0.28%
Cash	8.07%

### Maturity Profile\*

0-5	64.76%
5-10	32.78%
20-25	1.31%
25-30	1.15%

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## Monthly Performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Class A Accumulation Shares</b>												
2017	-	-	-	-	-	-	-	-0.29	0.09	-0.04	-0.19	0.48
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
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
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
<b>Class B Distribution Shares</b>												
2017	-	-	-	-	-	-	-	-0.29	0.09	-0.04	-0.19	0.48
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
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
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
<b>Class C Institutional Accumulation Shares</b>												
2017	-	-	-	-	-	-	-	-	-	-0.03	-0.13	0.55
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
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
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
<b>Class D Distribution Shares</b>												
2018	-	-	-0.11	-0.42	-0.27	-0.10	0.60	0.25	0.37	-0.02	0.07	0.39
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
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
<b>Class E Distribution Shares</b>												
2019	-	-	0.68	0.53	0.49	1.24	1.17	1.21	-0.15	0.18	0.25	0.28
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
<b>Class F Distribution Shares</b>												
2019	-	-	-	-	-	-	-	-	-	0.20	0.26	0.30
2020	1.14	-0.15	-9.40	0.04	1.87	1.78	1.56	2.01	0.38	1.01	1.43	1.28
<b>Class G Distribution Shares</b>												
2020	-	-	-	-	-	-	-	-	-	-	-	0.13

## Fund Details

<b>Fund Size</b>	USD 182.074 Million
<b>Fund Type</b>	DIFC Public Domestic Fund
<b>Launch Date</b>	August 22, 2017
<b>Domicile</b>	Dubai International Financial Centre, Dubai
<b>FRN</b>	F000407
<b>Currency</b>	USD
<b>Benchmark</b>	NIL
<b>Fund Manager</b>	Arqaam Capital Limited - Regulated by Dubai Financial Services Authority
<b>Valuation day</b>	Each Business Day
<b>Dealing Day (Subscription / Redemption)</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
<b>Bloomberg Ticker</b>	Class A Shares - ARQAIIA UH Class B Shares - ARQAIIIB UH Class C Shares - ARQAIIIC UH Class D Shares - ARQAIIID UH Class E Shares - ARQAIIIE UH Class F Shares - ARQAIIIF UH Class G Shares - ARQAIIIG 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>Minimum Subscription</b>	Class A Shares - USD 3,000 and in multiples of USD 3,000 thereafter; Class B 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 shares: USD 3,000 and in multiples of USD 3,000 thereafter; Class E Shares - USD 3,000 and in multiples of USD 3,000 thereafter. Class F Shares - USD 3,000 and in multiples of USD 3,000 thereafter. Class G Shares - USD 3,000 and in multiples of USD 3,000 thereafter.
<b>Performance Fee</b>	NIL
<b>Management Fee</b>	Class A Shares - 1.5% Class B Shares - 1.5% Class C Shares - 0.75% Class D Shares - 1% Class E Shares - 1% Class F Shares - 1.1% Class G Shares - 1.1%
<b>Deferred Sales Fee</b>	Class D shares - 2.4% Class E shares - 2.5% Class F shares - 1.5%
<b>Deferred Services Fee</b>	Class D shares follows the below schedule, if the redemption is processed within: 12 months: 2.4% 13 - 24 months: 1.6% 25 - 36 months: 0.80%
<b>Redemption Fee</b>	Class E shares follows the below schedule, if the redemption is processed within: 12 months: 2.50% 13 - 24 months: 1.67% 25 - 36 months: 0.84% Class F shares follows the below schedule, if the redemption is processed within: 12 months: 1.50% 13 - 24 months: 1% 25 - 36 months: 0.5%

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