

# iBoxx Tadawul SAR Government Sukuk Indices – Q2 2022

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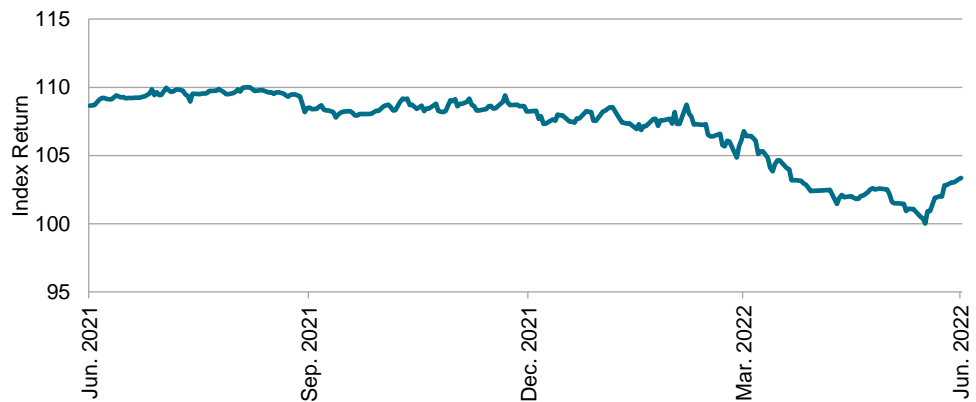
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## iBoxx Tadawul SAR Government Sukuk Index

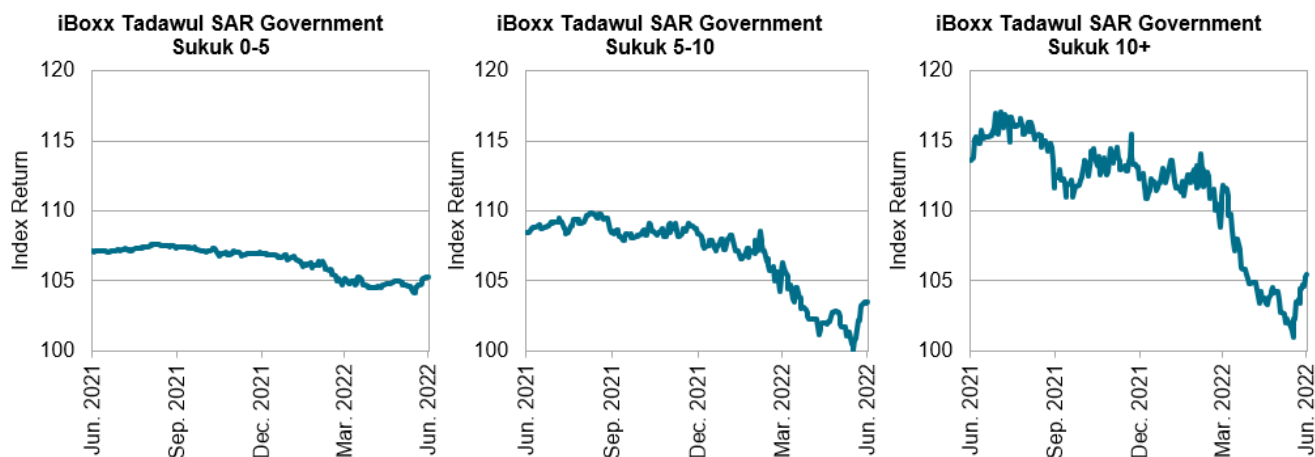
While the iBoxx Tadawul SAR Government Index continued its negative performance in April and May, the returns started to recover in mid-June. The big shift came after the Federal Reserve announced the biggest interest rate hike since 1994 (up 75 bps) on June 15, 2022. This major Fed policy change alleviated inflation fears and helped the long end of the sukuk curve stage a recovery. The long end of the sukuk curve registered the highest change quarter-over-quarter, while the short end of the sukuk curve performed better in a month-to-date comparison.

### Exhibit 1: Total Return of the iBoxx Tadawul SAR Government Sukuk Index



Source: IHS Markit, part of S&P Global. Data as of June 30, 2022. Index performance is based on total return in SAR. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

## Exhibit 2: Total Return by Maturity



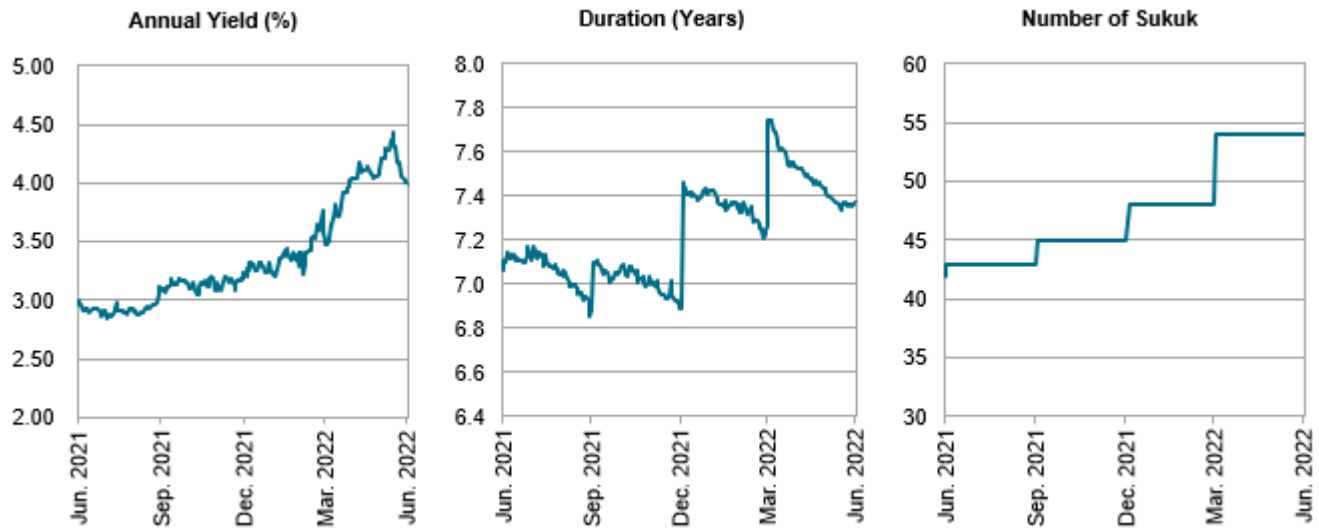
Source: IHS Markit, part of S&P Global. Data as of June 30, 2022. Index performance is based on total return in SAR. Past performance is no guarantee of future results. Charts are provided for illustrative purposes.

## Exhibit 3: Key Analytics of the iBoxx Tadawul SAR Government Sukuk Index

Key Analytics	iBoxx Tadawul SAR Government Sukuk
Annual Yield (%)	4.00
Coupon (%)	3.14
Duration	7.09 Years
Expected Remaining Life	9.56 Years
Average Rating	A
Currency	SAR
Debt Type	Domestic Sovereign Sukuk
Daily Return (%)	0.08
Month-to-Date Return (%)	1.14
YTD Return (%)	-4.52

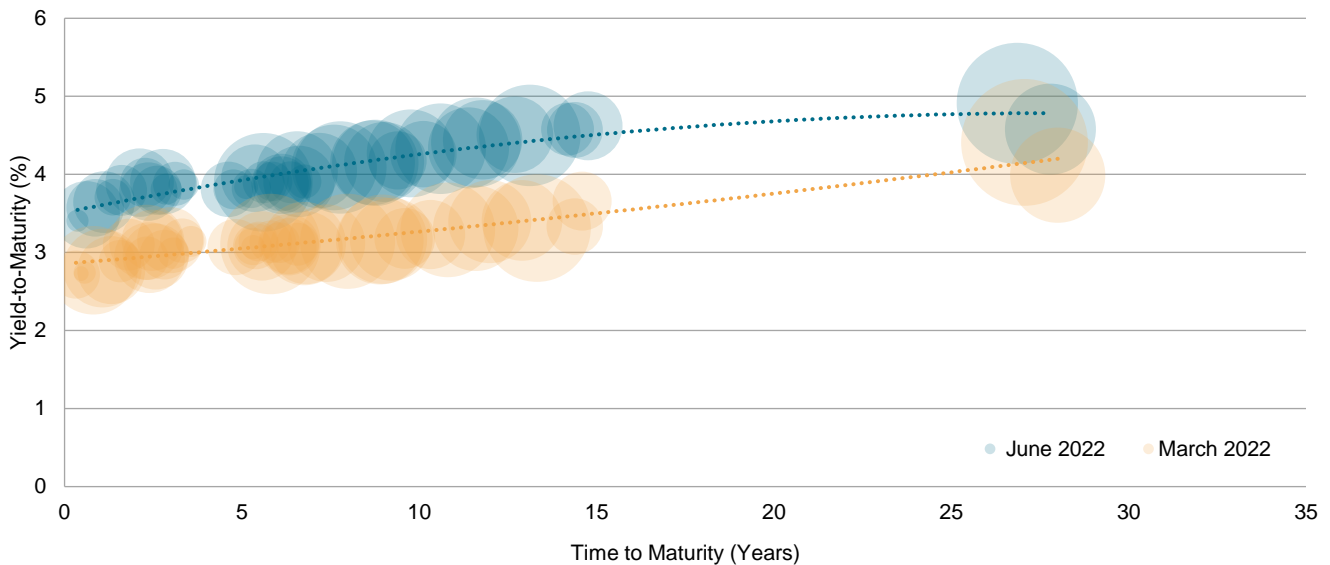
Source: IHS Markit, part of S&P Global. Data as of June 30, 2022. Table is provided for illustrative purposes.

### Exhibit 4: Key Analytics of the iBoxx Tadawul SAR Government Sukuk Index



Source: S&P Global. Data as of June 30, 2022. Charts are provided for illustrative purposes.

### Exhibit 5: Yield Curve of the iBoxx Tadawul SAR Government Sukuk Index



(Bubble Scale = Notional Amount Outstanding in SAR)

Source: IHS Markit, part of S&P Global. Data as of June, 30 2022. Chart is provided for illustrative purposes.

**Exhibit 6: Quarterly and Monthly Return by Maturity**

Period	Maturity				
	1-3	3-5	5-7	7-10	10+
Quarter-to-Date Return (%)	0.16%	-0.54%	-1.35%	-3.61%	-5.70%
Month-to-Date Return (%)	0.26%	0.59%	0.76%	1.26%	1.76%

Period	m-6	m-5	m-4	m-3	m-2	m-1	June 2022
Month-to-Date Return (%)	-0.81%	0.00%	-0.51%	-0.85%	-4.08%	-0.24%	1.14%

Source: IHS Markit, part of S&P Global. Data as of June, 30 2022. Table is provided for illustrative purposes.

While there was little change to the short end of the yield curve, the longer end of the yield curve shifted out. There were six new additions to the index at the medium and long end of the curve.

**Exhibit 7: Index Additions to the iBoxx Tadawul SAR Government Sukuk Index**

ISIN	Issuer	Rating	Final Maturity	Notional Amount (SAR)
SA15GG01J336	Kingdom of Saudi Arabia	A	Jan. 20, 2030	12,351,000,000
SA15GG01J3J3	Kingdom of Saudi Arabia	A	Jan. 20, 2034	14,035,000,000
SA15HVK2J435	Kingdom of Saudi Arabia	A	March 17, 2027	2,594,944,000
SA15HVK2J4J4	Kingdom of Saudi Arabia	A	March 17, 2029	1,945,000,000
SA15HVK2J534	Kingdom of Saudi Arabia	A	March 17, 2032	13,208,692,000
SA15HVK2J5J1	Kingdom of Saudi Arabia	A	March 17, 2037	8,494,844,000

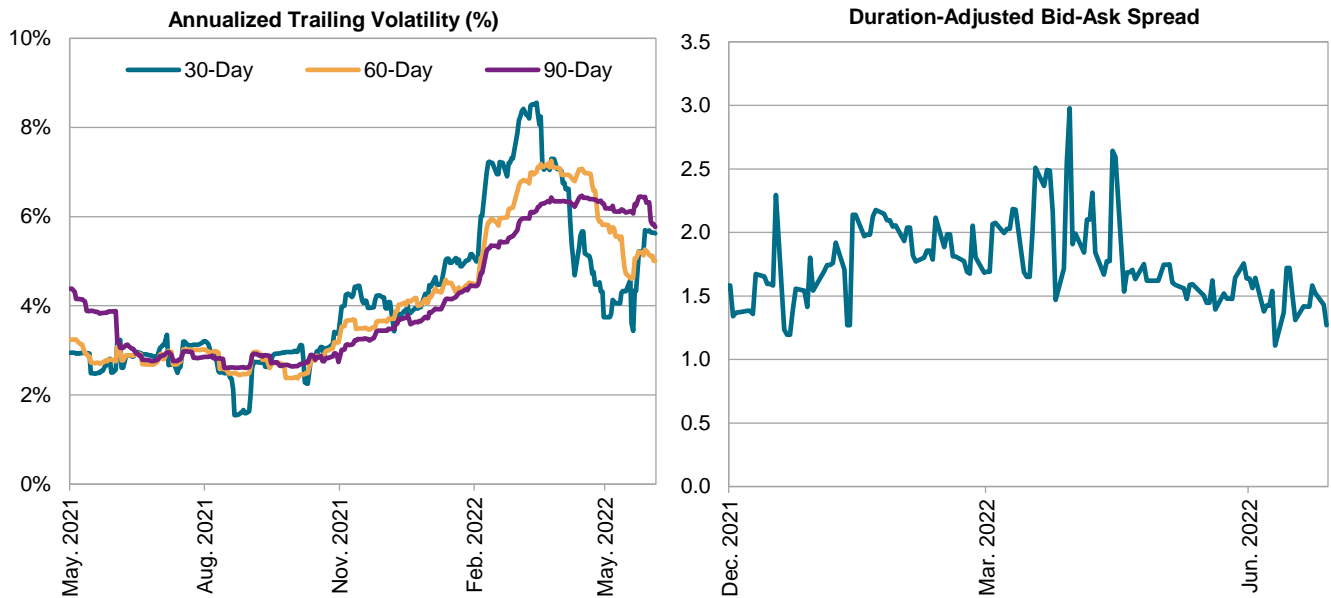
Source: IHS Markit, part of S&P Global. Data as of June, 30 2022. Table is provided for illustrative purposes.

**Volatility x Liquidity**

Following a volatile first quarter, the duration-adjusted bid/ask spread narrowed over the course of the second quarter.

Exhibit 8 shows the annualized trailing volatility of the iBoxx Tadawul SAR Government Sukuk Index Overall, derived from the trailing standard deviation of the index's daily log return based on a 30-day, 60-day and 90-day lookback period, alongside the duration-adjusted bid-ask spread.

### Exhibit 8: Volatility and Duration-Adjusted Bid-Ask Spread of the iBoxx Tadawul SAR Government Sukuk Index

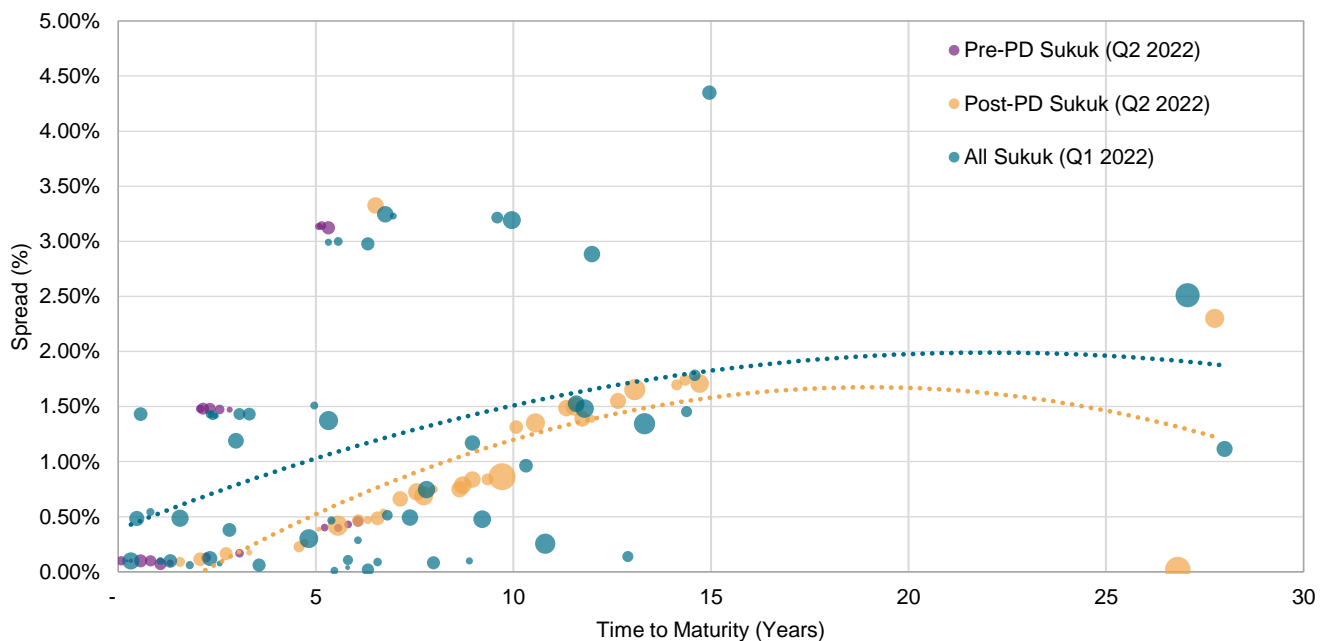


Source: IHS Markit, part of S&P Global. Data as of June 30, 2022. Charts are provided for illustrative purposes.

## Spread Margin Curve

Exhibit 9 shows the iBoxx Tadawul SAR Government Sukuk Index bond constituents' bid-ask spread margin relative to the time to maturity (rather than expected time to maturity).

### Exhibit 9: Spread Margin Curve of the iBoxx Tadawul SAR Government Sukuk Index



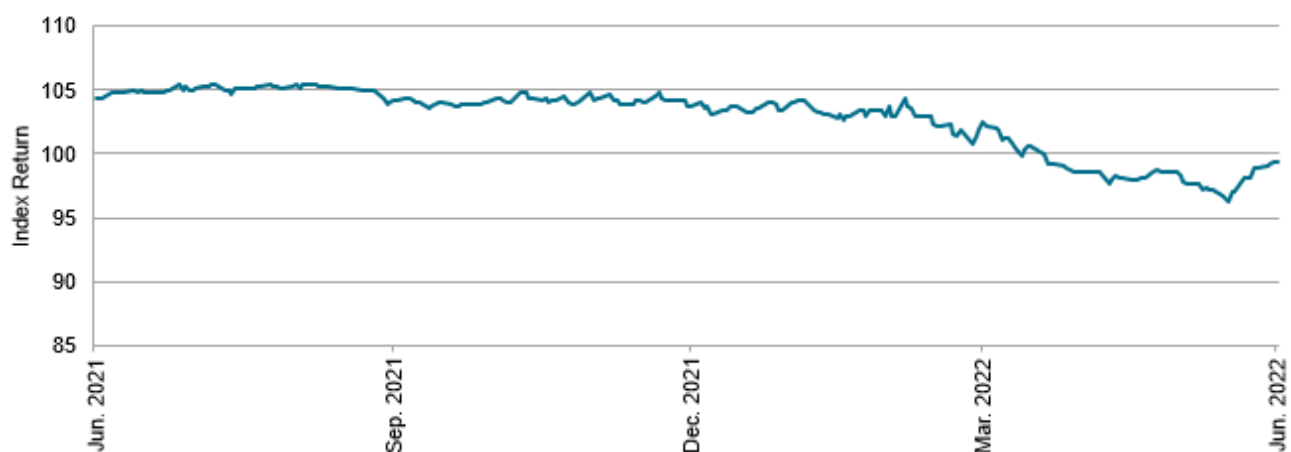
(Bubble Scale = Notional Amount Outstanding in SAR)

Source: IHS Markit, part of S&P Global. Data as of June, 30 2022. Chart is provided for illustrative purposes.

# iBoxx Tadawul SAR Government Sukuk and Bond Index

In line with the wider market, the iBoxx Tadawul SAR Government Sukuk and Bond Index halted the declines over the past few months following the Fed's decision to increase interest rates. The yield curve, however, still shifted upward compared with the previous quarter, reflecting the pressure the market has seen throughout the majority of the quarter.

## Exhibit 10: Total Return of the iBoxx Tadawul SAR Government Sukuk and Bond Index



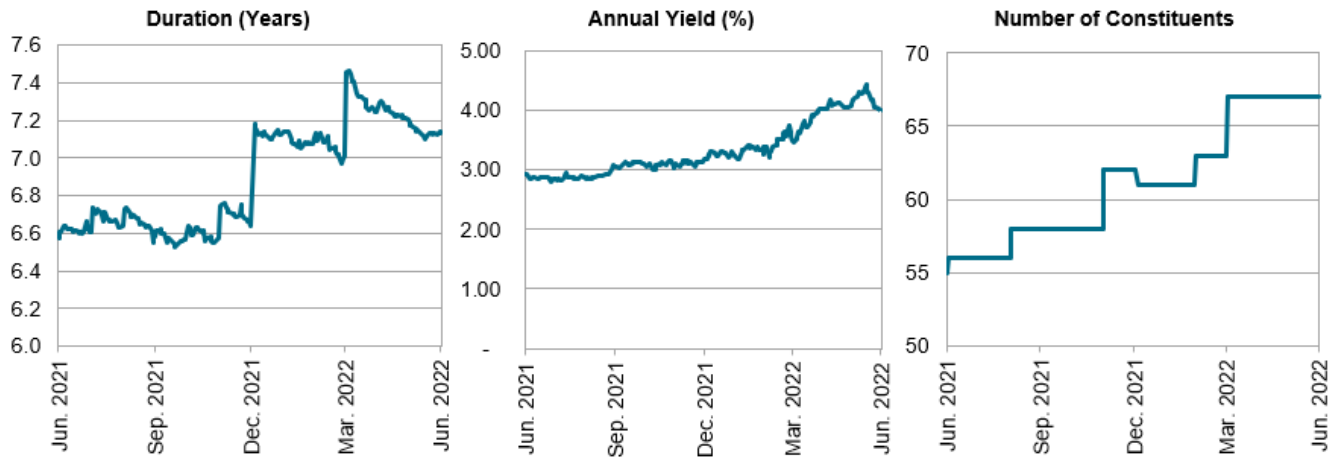
Source: IHS Markit, part of S&P Global. Data as of June 30, 2022. Index performance is based on total return in SAR. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

## Exhibit 11: Key Analytics of the iBoxx Tadawul SAR Government Sukuk and Bond Index

Key Analytics	iBoxx Tadawul SAR Government Sukuk and Bond
Annual Yield (%)	3.99
Coupon (%)	3.11
Duration	6.87 Years
Expected Remaining Life	9.23 Years
Average Rating	A
Currency	SAR
Debt Type	Domestic Sovereign Sukuk and Bonds
Daily Return (%)	0.07
Month-to-Date Return Rainer Sternfeld (%)	1.13
YTD Return (%)	-4.25

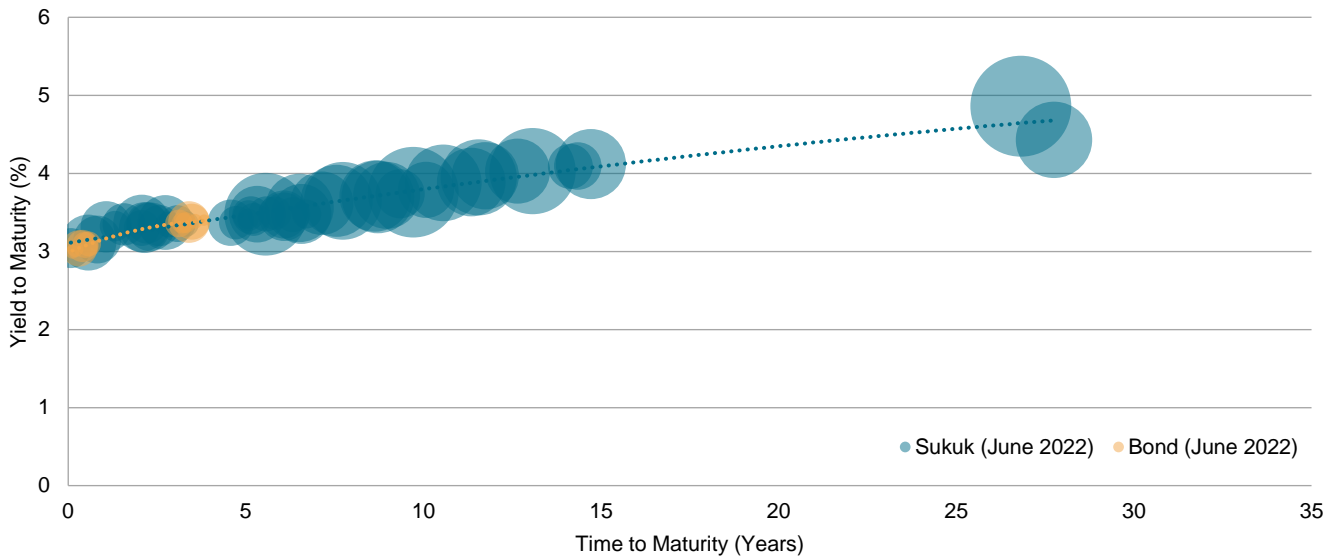
Source: IHS Markit, part of S&P Global. Data as of June 30, 2022. Index performance is based on total return in SAR. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

**Exhibit 12: Key Analytics of the iBoxx Tadawul SAR Government Sukuk and Bond Index**



Source: IHS Markit, part of S&P Global. Data as of June 30, 2022. Charts are provided for illustrative purposes.

**Exhibit 13: Yield Curve of the iBoxx Tadawul SAR Government Sukuk and Bond Index**



(Bubble Scale = Notional Amount Outstanding in SAR)

Source: IHS Markit, part of S&P Global. Data as of June 30, 2022. Chart is provided for illustrative purposes.

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