

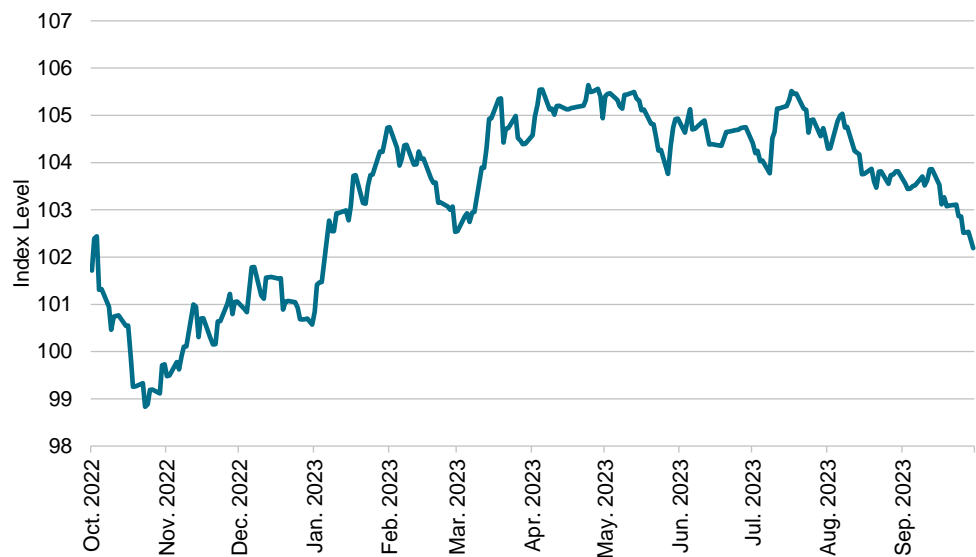
# iBoxx Tadawul SAR Government Sukuk Indices – Q3 2023

## Contributor

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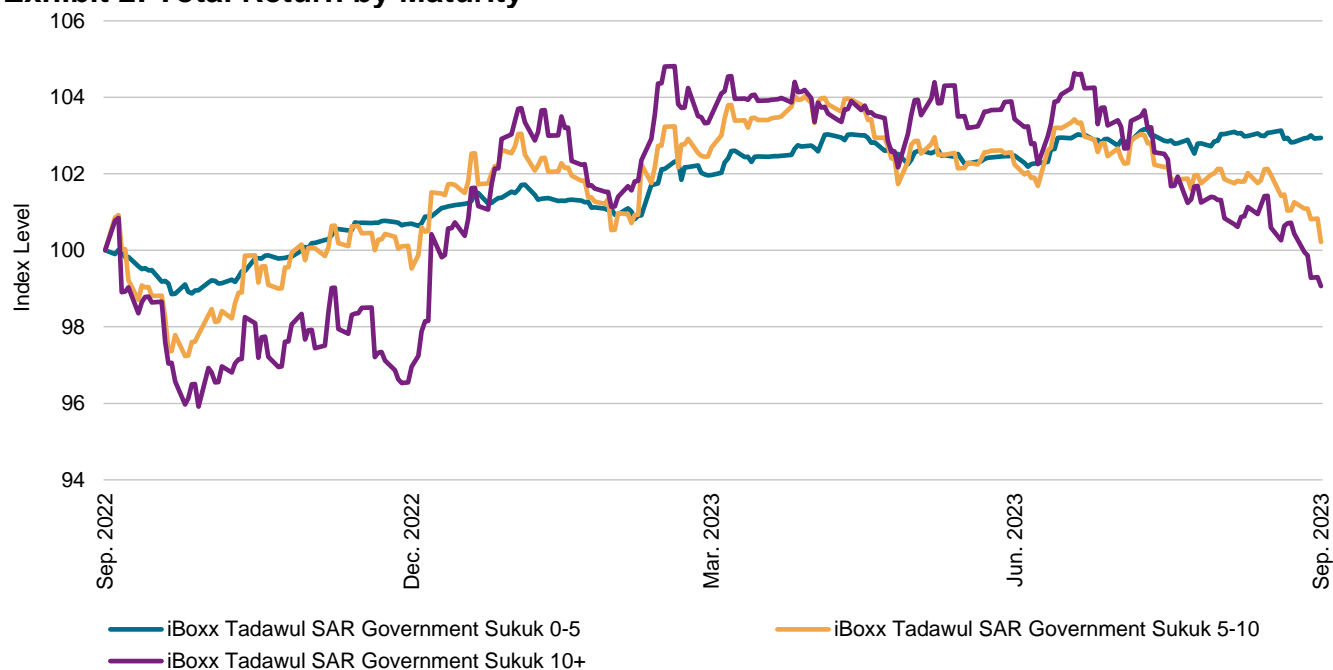
## iBoxx Tadawul SAR Government Sukuk Index

### Exhibit 1: iBoxx Tadawul SAR Government Sukuk Index Returns



Source: IHS Markit, part of S&P Global. Data as of Sept. 30, 2023. Index performance is based on total return in SAR. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

After steadily climbing since last October, the iBoxx Tadawul SAR Government Sukuk Index experienced three consecutive months of losses, making Q3 its worst quarter of the year, losing 2.12%. The 10+ year sukuk performed the worst, at -4.42%, followed by the 5-10 year maturity segment, at -1.69%. In contrast, on the short end, the 0-5 year maturity segment gained a modest 0.44%.

**Exhibit 2: Total Return by Maturity**

Source: IHS Markit, part of S&P Global. Data as of Sept. 30, 2023. Index levels rebased to 100 on Sept. 30, 2022. Index performance based on total return in SAR. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

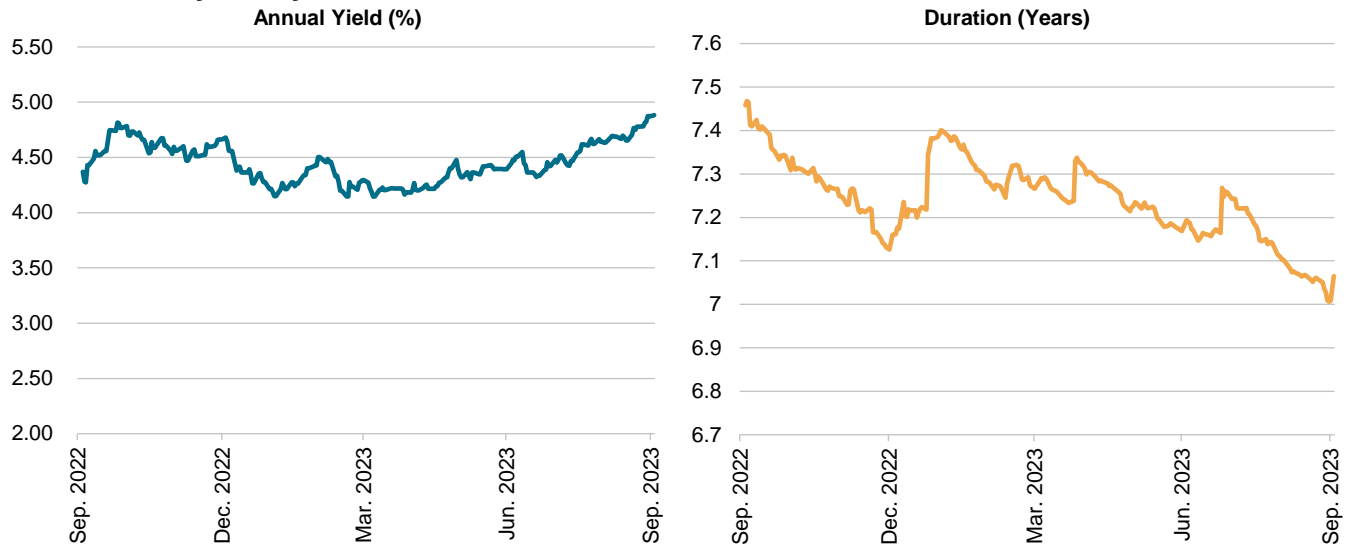
**Exhibit 3: Key Analytics of the iBoxx Tadawul SAR Government Sukuk Index**

Key Analytics	iBoxx Tadawul SAR Government Sukuk Index
Annual Yield (%)	4.87
Coupon (%)	3.16
Duration (Years)	7.01
Expected Remaining Life (Years)	9.04
Average Rating	A
Currency	SAR
Debt Type	Domestic Sovereign Sukuk
Month-to-Date Return (%)	-1.24
Year-to-Date Return (%)	1.82

Source: IHS Markit, part of S&P Global. Data as of Sept. 30, 2023. Index performance based on total return in SAR. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

The annual yield of the index increased by 48 bps, while the duration continued to shrink from its high of 7.40 years in February to 7.01 years at the close of Q3. From last October to the end of September 2023, the number of constituents declined from 54 to 50, as no additional sakk have joined the index since July 2022.

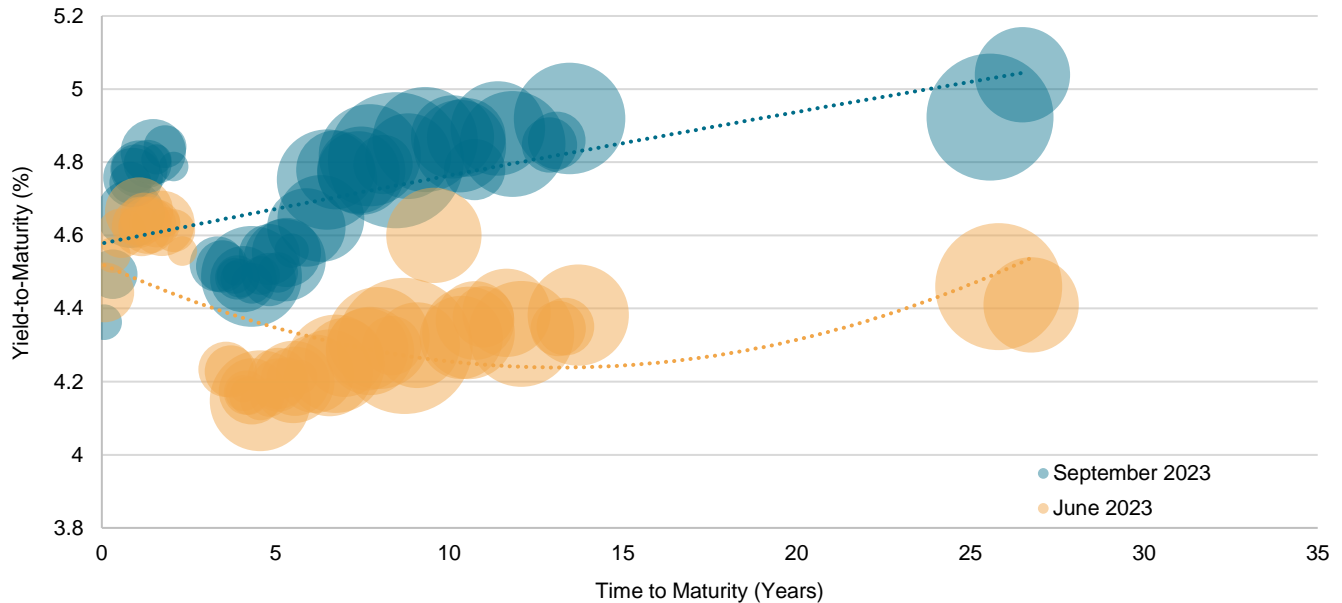
### Exhibit 4: Key Analytics of the iBoxx Tadawul SAR Government Sukuk Index



Source: IHS Markit, part of S&P Global. Data as of Sept. 30, 2023. Past performance is no guarantee of future results. Charts are provided for illustrative purposes.

Based on the yield curves shown in Exhibit 5, we can see that the yield curve has started to normalize. Yields, especially for medium- to long-dated sukuk, rose significantly in the third quarter.

### 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 Sept. 30, 2023. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

### Exhibit 6: Quarterly and Monthly Return by Maturity and Monthly Index Performance

Period	Maturity				
	1-3 Years	3-5 Years	5-7 Years	7-10 Years	10+ Years
Quarter-to-Date Return (%)	0.98	-0.16	-1.11	-2.15	-4.42
Month-to-Date Return (%)	0.29	-0.52	-0.99	-1.50	-1.98

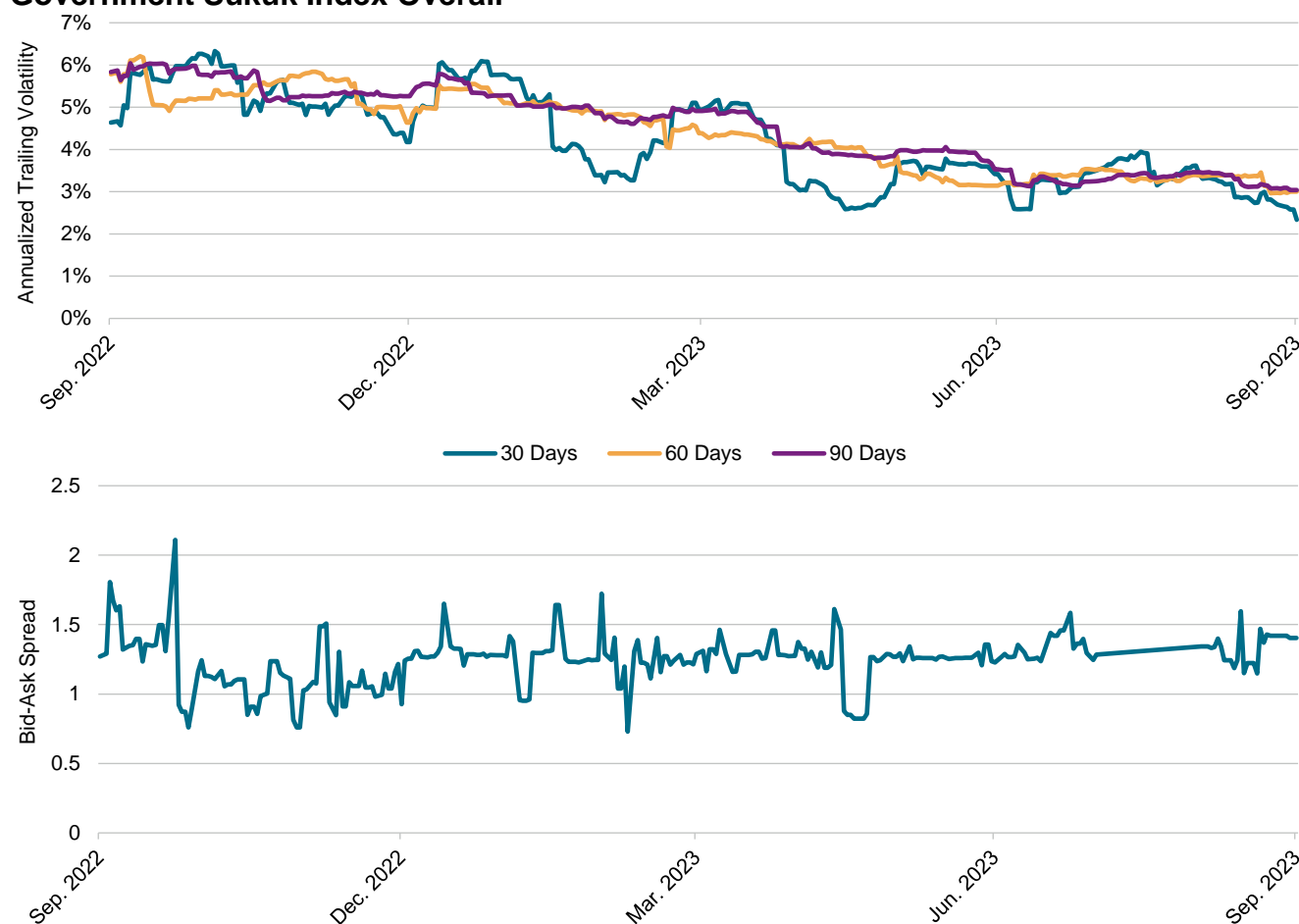
  

Period	Monthly Returns for iBoxx Tadawul SAR Government Sukuk Index						
	March 2023	April 2023	May 2023	June 2023	July 2023	August 2023	September 2023
Month-to-Date Return (%)	1.36	1.11	-0.78	0.01	-0.18	-0.71	-1.24

Source: IHS Markit, part of S&P Global. Data as of Sept. 30, 2023. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

## Volatility and Liquidity

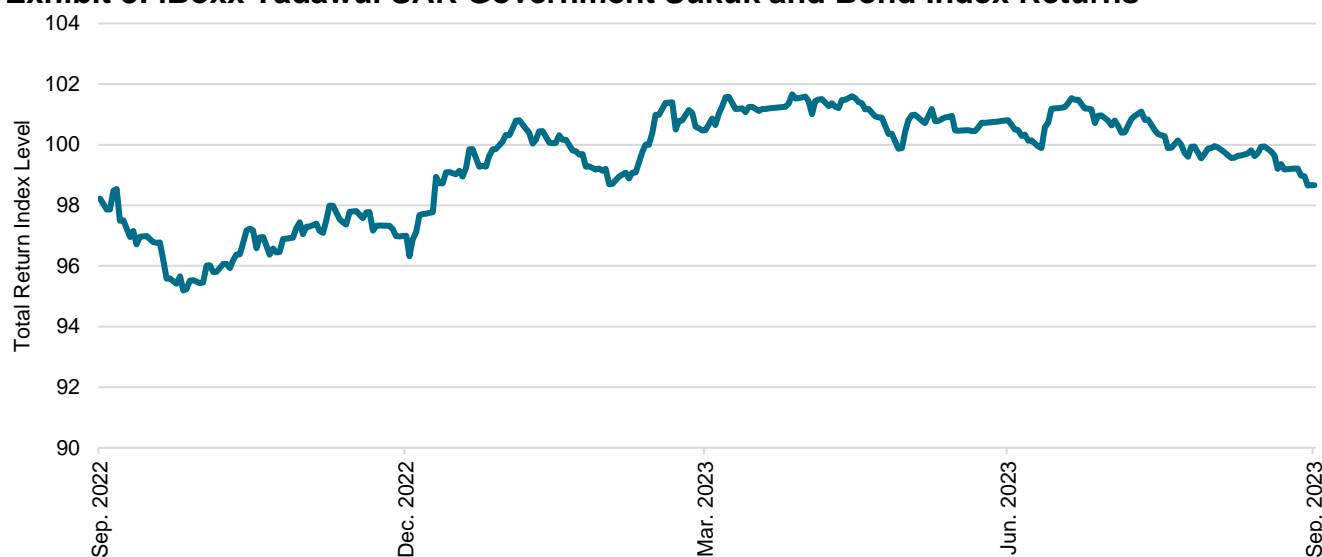
### Exhibit 7: Volatility and Duration-Adjusted Bid-Ask Spread of the iBoxx Tadawul SAR Government Sukuk Index Overall



Source: IHS Markit, part of S&P Global. Data as of Sept. 30, 2023. The iBoxx Tadawul SAR Government Sukuk Index Overall (annualized) trailing volatility was 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 and shown alongside the duration-adjusted bid-ask spread. Past performance is no guarantee of future results. Charts are provided for illustrative purposes.

# iBoxx Tadawul SAR Government Sukuk and Bond Index

## Exhibit 8: iBoxx Tadawul SAR Government Sukuk and Bond Index Returns



Source: IHS Markit, part of S&P Global. Data as of Sept. 30, 2023. Index performance is based on total return in SAR. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

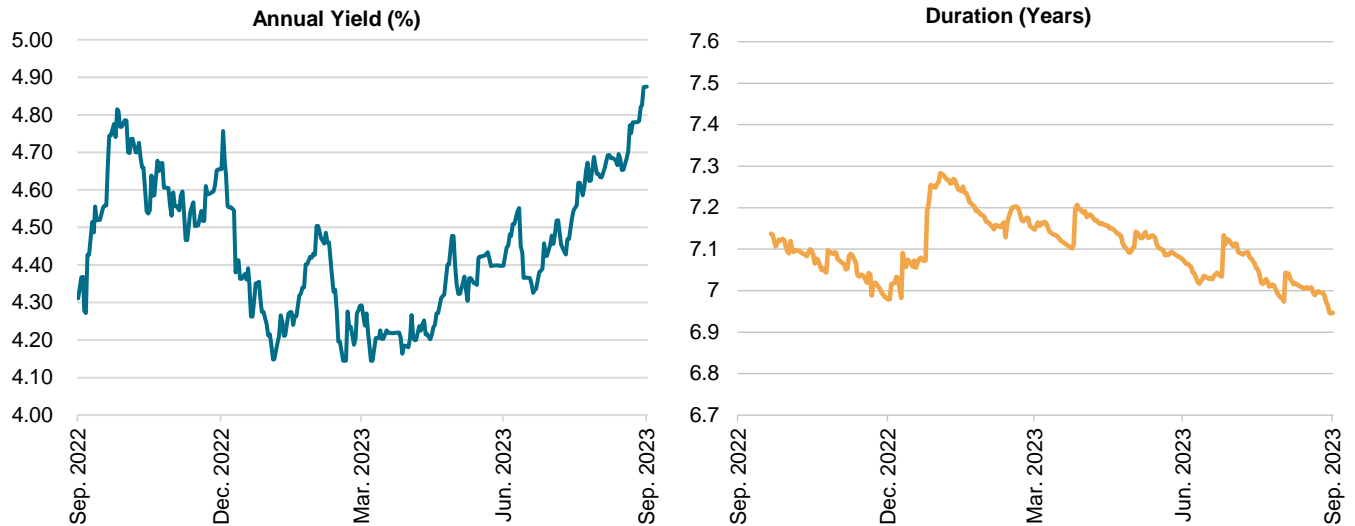
The iBoxx Tadawul SAR Government Sukuk and Bond Index fared similarly as compared to the iBoxx Tadawul SAR Government Sukuk Index, with a Q3 return of -2.12%. The yields increased by 48 bps, and the duration shortened by 0.13 years. On top of the 50 sukuk that exist in the iBoxx Tadawul SAR Government Sukuk Index, the iBoxx Tadawul SAR Government Sukuk and Bond Index also has an additional 11 bonds.

## Exhibit 9: Key Analytics of the iBoxx Tadawul SAR Government Sukuk and Bond Index

Key Analytics	iBoxx Tadawul SAR Government Sukuk and Bond Index
Annual Yield (%)	4.88
Coupon (%)	3.26
Duration (Years)	6.95
Expected Remaining Life (Years)	8.91
Average Rating	A
Currency	SAR
Debt Type	Domestic Sovereign Sukuk and Bonds
Month-to-Date Return (%)	-1.28
YTD Return (%)	1.73

Source: IHS Markit, part of S&P Global. Data as of Sept. 30, 2023. Index performance is based on total return in SAR. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

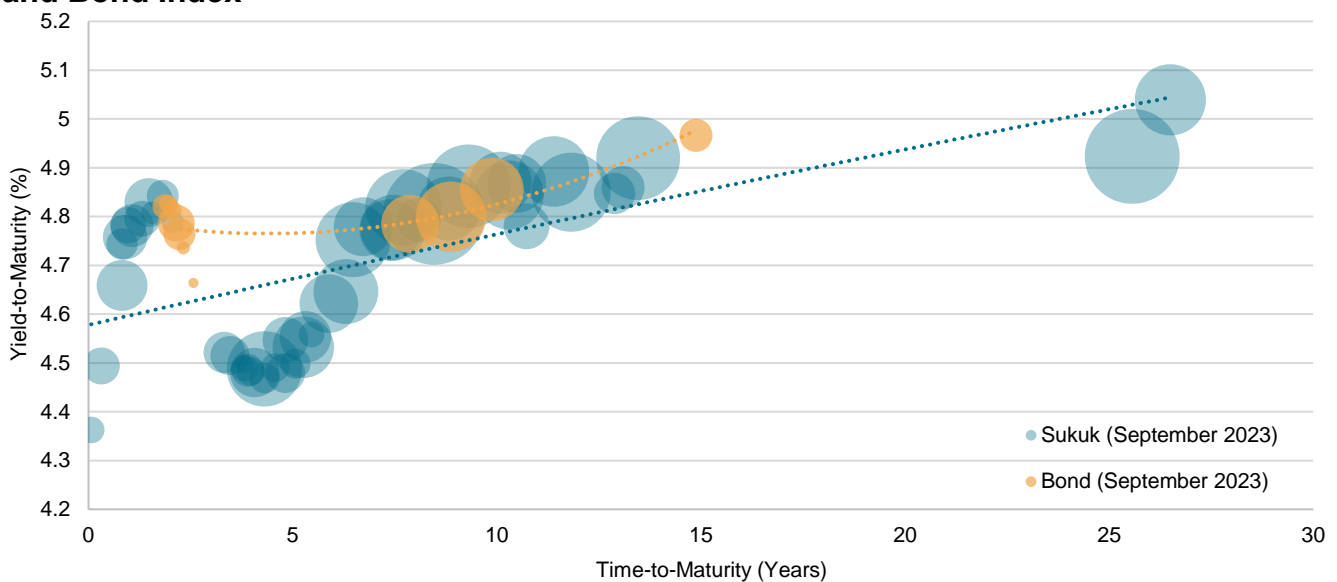
### Exhibit 10: Key Analytics of the iBoxx Tadawul SAR Government Sukuk and Bond Index



Source: IHS Markit, part of S&P Global. Data as of Sept. 30, 2023. Past performance is no guarantee of future results. Charts are provided for illustrative purposes.

For the first time since September 2022, four conventional bonds, with a collective amount outstanding of SAR 39 billion, were added to the iBoxx Tadawul SAR Government Sukuk and Bond Index. Their times to maturity range from 8-15 years, compared to the existing seven bonds' times to maturity that range from 1-3 years, extending the average time to maturity of the bonds in the index.

### Exhibit 11: Bonds versus Sukuk Yields in 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 Sept. 30, 2023. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

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