

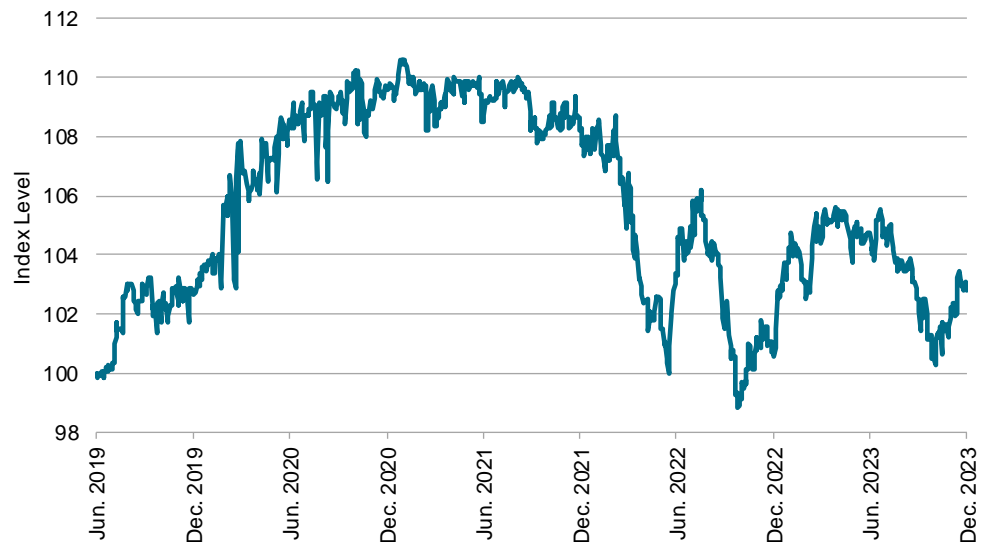
iBoxx Tadawul SAR Government Sukuk Indices – Q4 2023

Contributor

Jessica Tan
Principal
Fixed Income Indices
jessica.tan@spglobal.com

iBoxx Tadawul SAR Government Sukuk Index

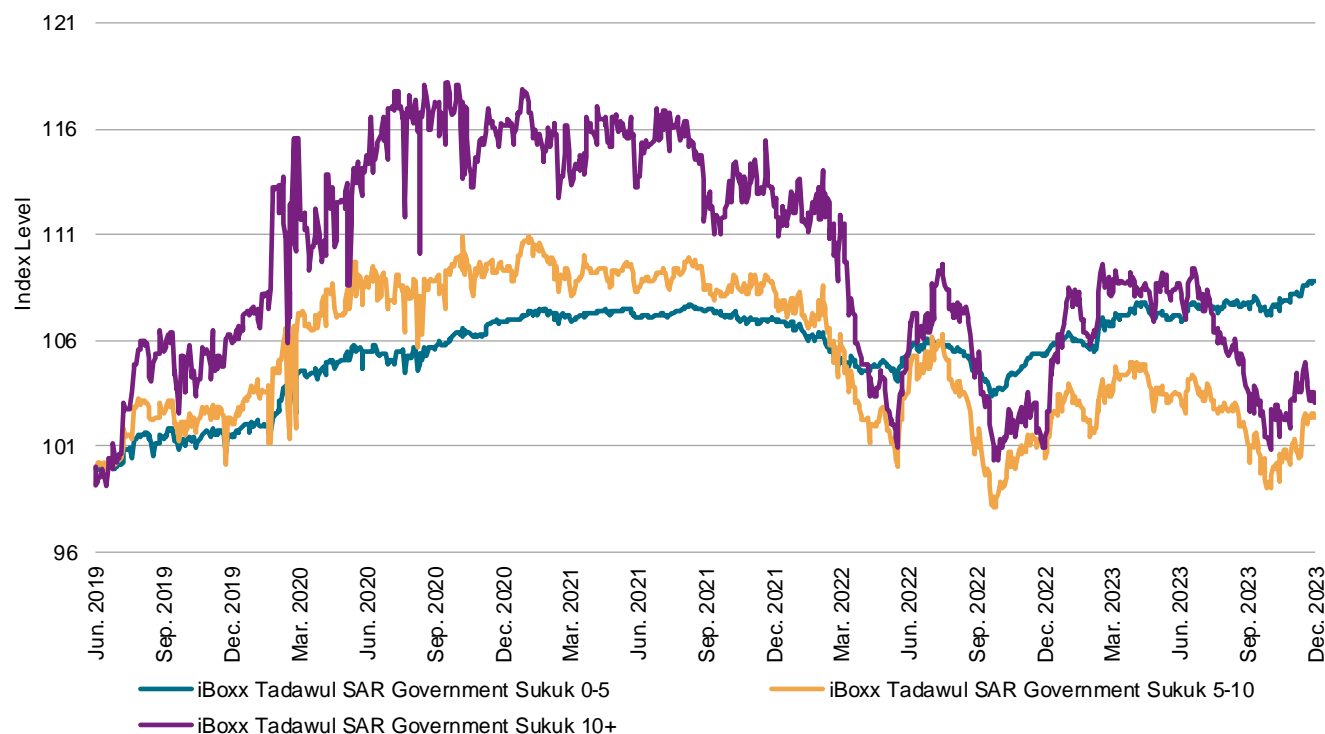
Exhibit 1: iBoxx Tadawul SAR Government Sukuk Index Returns



Source: IHS Markit, part of S&P Global. Data as of Dec. 31, 2023. Index performance is based on total return in SAR. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

Following three consecutive months of losses totaling -2.12% in Q3 2023, the iBoxx Tadawul SAR Government Sukuk Index dipped further in October before joining the global bond market rally in November and December, resulting in a return of 0.26% in Q4 2023. This brought the full-year 2023 return of the index to 2.09%.

Exhibit 2: Total Return by Maturity



Source: IHS Markit, part of S&P Global. Data as of Dec. 31, 2023. Index performance based on total return in SAR. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

The 10+ year sukuk segment performed the worst, at -0.79%, followed by the 5-10 year maturity segment, up 0.56%. In contrast, at the short end, the 0-5 year maturity segment gained 1.02%. For full-year 2023, the 0-5 year, 5-10 year and 10+ year segments rose 3.27%, 0.56 and 2.04%, respectively.

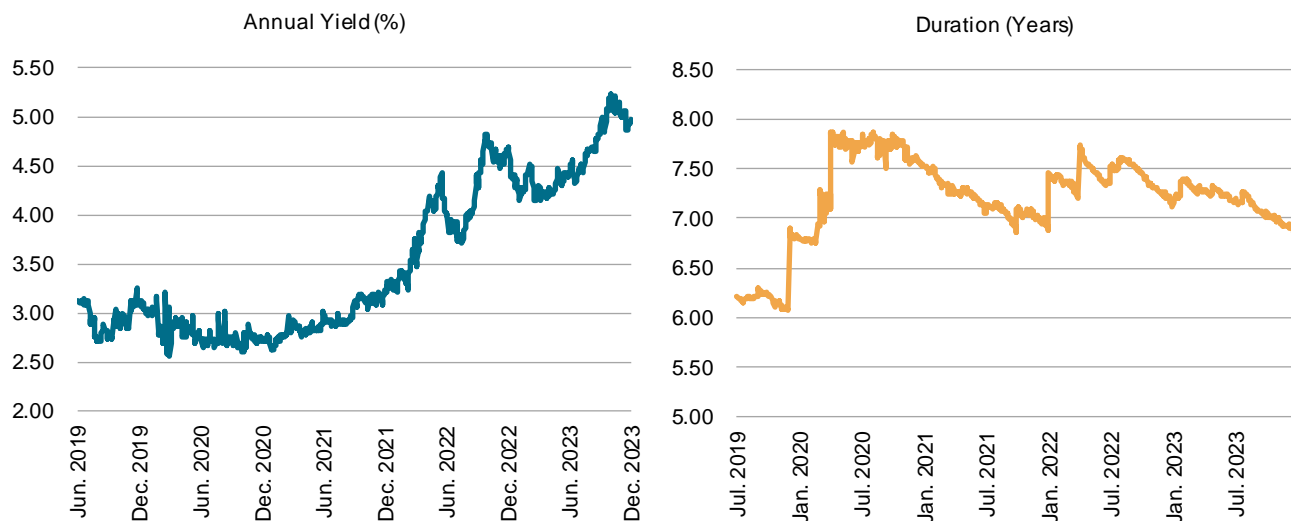
Exhibit 3: Key Analytics of the iBoxx Tadawul SAR Government Sukuk Index

| Key Analytics | iBoxx Tadawul SAR Government Sukuk Index |
|---------------------------------|--|
| Annual Yield (%) | 4.97 |
| Coupon (%) | 3.27 |
| Duration (Years) | 6.81 |
| Expected Remaining Life (Years) | 8.85 |
| Average Rating | A |
| Currency | SAR |
| Debt Type | Domestic Sovereign Sukuk |
| December Return (%) | 0.60 |
| Q4 Return (%) | 0.26 |
| 2023 Return (%) | 2.09 |

Source: IHS Markit, part of S&P Global. Data as of Dec. 31, 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 10 bps, while the duration continued to shrink from its high of 7.40 years in February to 6.81 years at the close of Q4. After having no additional sakk join the index between July 2022 and September 2023, four new sukuk joined the index in Q4, while one sakk left the index. This led to the number of constituents increasing from 50 to 53.

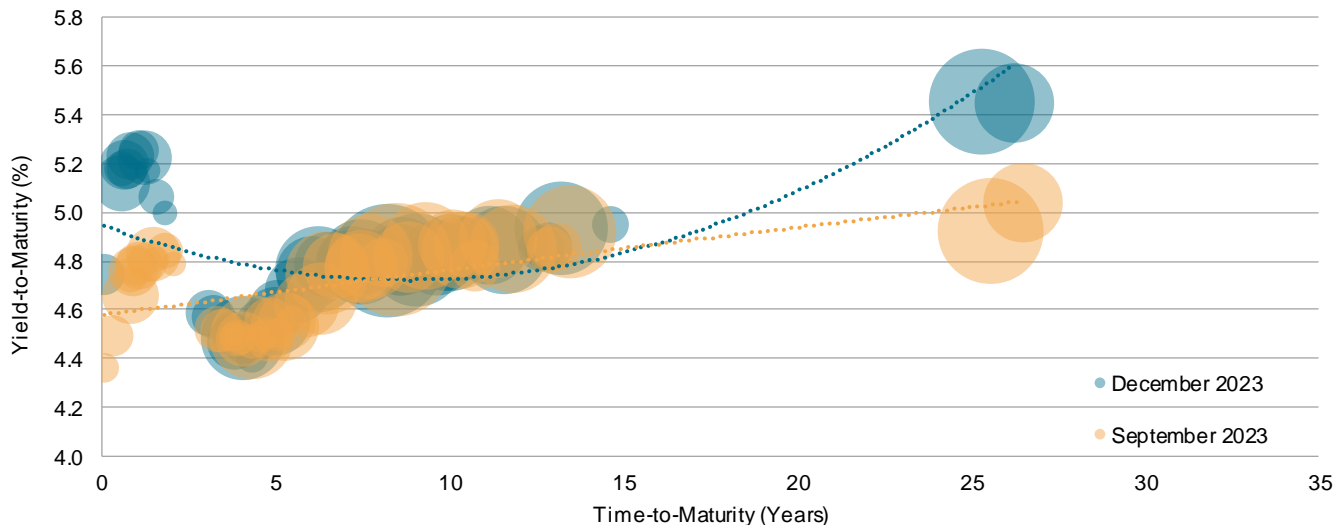
Exhibit 4: Key Analytics of the iBoxx Tadawul SAR Government Sukuk Index



Source: IHS Markit, part of S&P Global. Data as of Dec. 31, 2023. Past performance is no guarantee of future results. Charts are provided for illustrative purposes.

As shown in Exhibit 5, the shape of the yield curve went from flat to concave upwards, as the yields for short- and long-dated sukuk increased substantially in the fourth quarter, while the medium-dated sukuk yields remained in the same range as the previous 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 Dec. 31, 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

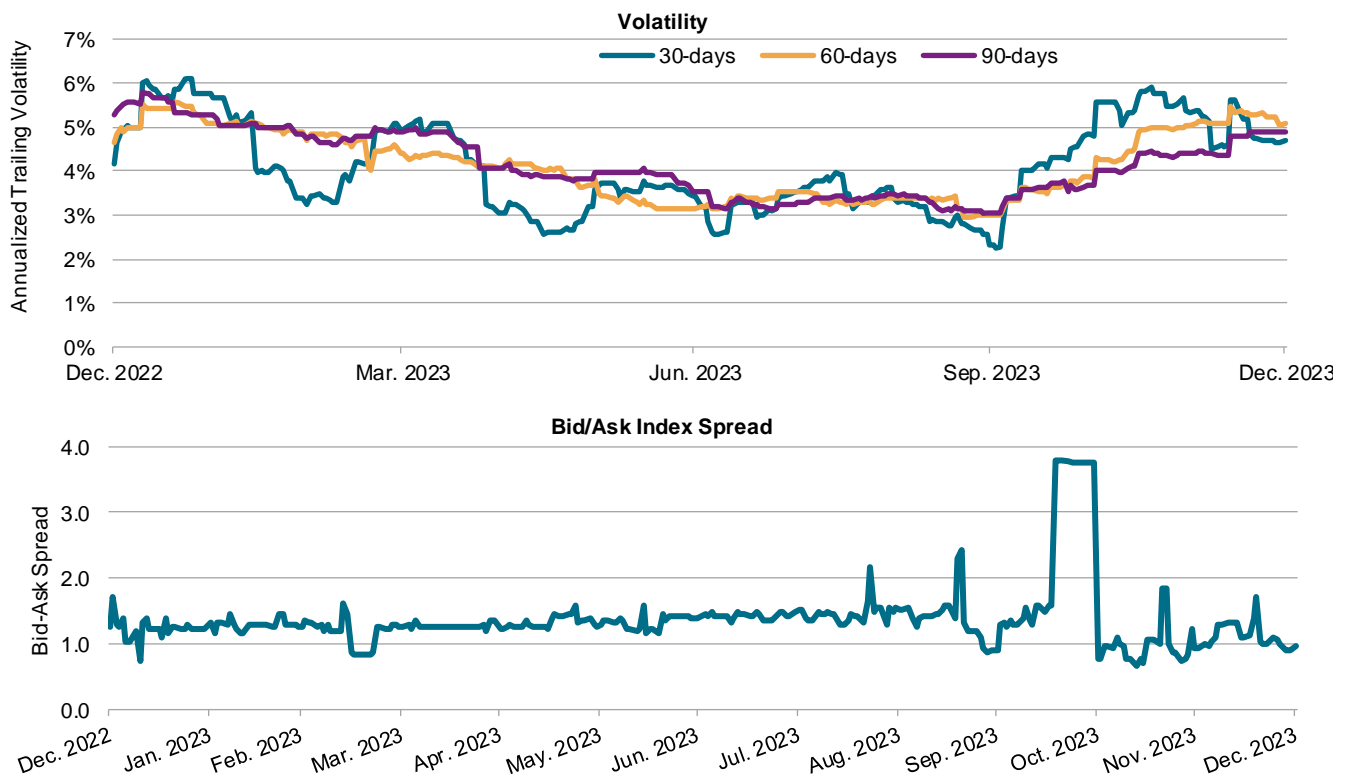
| Period | Maturity | | | | |
|---------------------|-----------|-----------|-----------|------------|-----------|
| | 1-3 Years | 3-5 Years | 5-7 Years | 7-10 Years | 10+ Years |
| Q4 Return (%) | 0.79 | 1.12 | 0.95 | 0.36 | -0.79 |
| December Return (%) | 0.39 | 0.75 | 0.89 | 1.25 | -0.19 |

| Period | Monthly Returns for the iBoxx Tadawul SAR Government Sukuk Index | | | | | | |
|--------------------|--|-----------|-------------|----------------|--------------|---------------|---------------|
| | June 2023 | July 2023 | August 2023 | September 2023 | October 2023 | November 2023 | December 2023 |
| Monthly Return (%) | 0.01 | -0.18 | -0.71 | -1.24 | -2.00 | 1.70 | 0.60 |

Source: IHS Markit, part of S&P Global. Data as of Dec. 31, 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

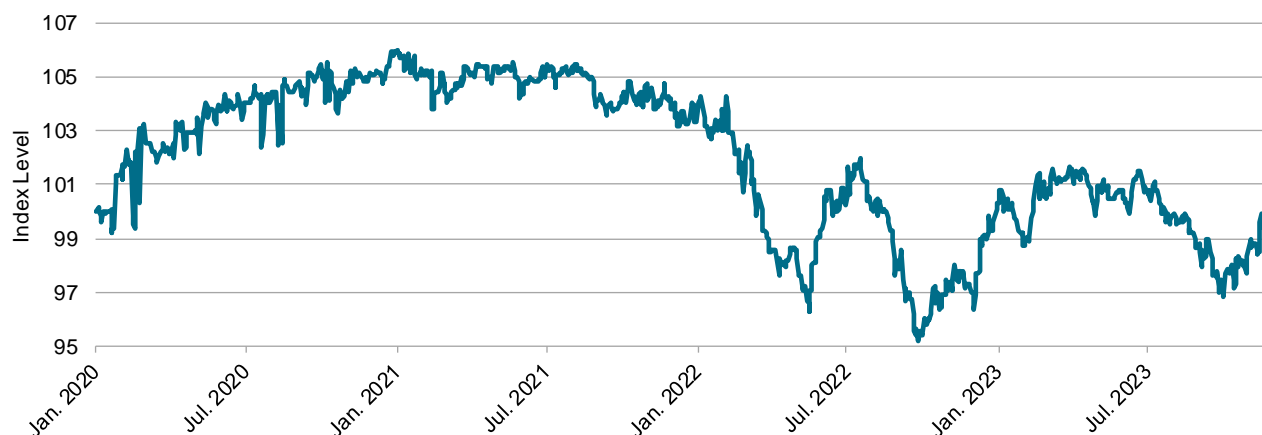


Source: IHS Markit, part of S&P Global. Data as of Dec. 31, 2023. The iBoxx Tadawul SAR Government Sukuk Index Overall (annualized) trailing volatility was derived from the trailing standard deviation of the index’s daily log return, based on a 30-day, 60-day and 90-day lookback period and shown alongside the duration-adjusted bid-ask spread. Past performance is no guarantee of future results. Charts are provided for illustrative purposes.

As seen in Exhibit 7, volatility had been on a downward trend since the beginning of the year prior to rising in October after the Israel-Hamas conflict broke out.

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 Dec. 31, 2023. Index performance is based on total return in SAR. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

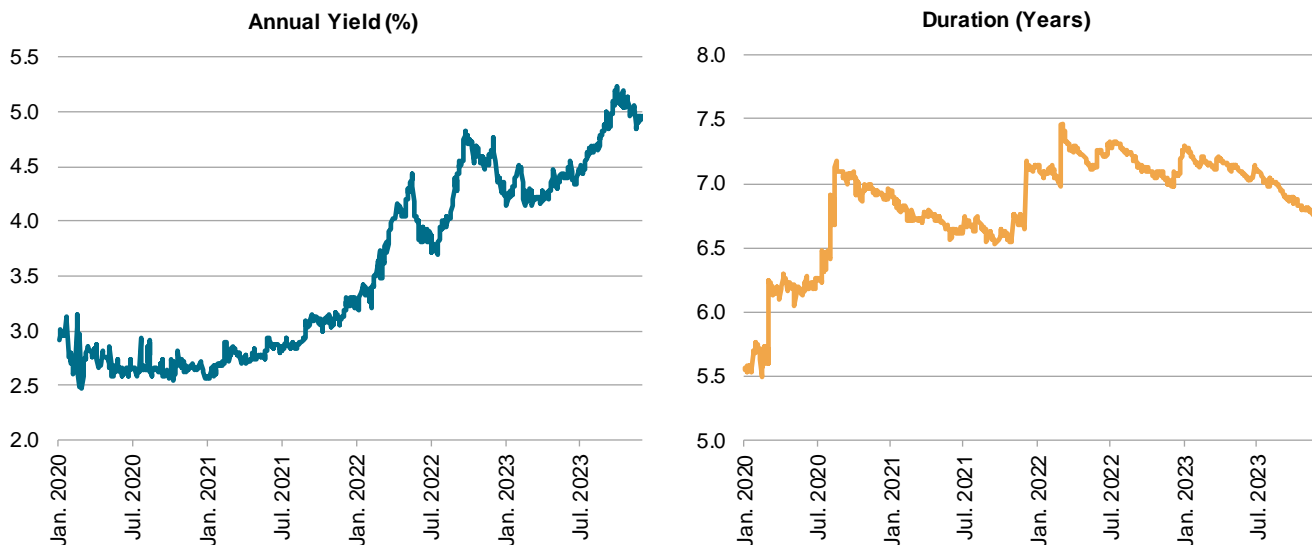
The iBoxx Tadawul SAR Government Sukuk and Bond Index fared similarly as compared to the iBoxx Tadawul SAR Government Sukuk Index, with a Q4 return of 0.60%. Its yield increased by 11 bps, and the duration shortened by 0.26 years. On top of the 53 sukuk that exist in the iBoxx Tadawul SAR Government Sukuk Index, the iBoxx Tadawul SAR Government Sukuk and Bond Index has an additional seven 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 (%) | 4.97 |
| Coupon (%) | 3.27 |
| Duration (Years) | 6.68 |
| Expected Remaining Life (Years) | 8.68 |
| Average Rating | A |
| Currency | SAR |
| Debt Type | Domestic Sovereign Sukuk and Bonds |
| December Return (%) | 0.61 |
| Q4 Return (%) | 0.60 |
| 2023 Return (%) | 2.34 |

Source: IHS Markit, part of S&P Global. Data as of Dec. 31, 2023. Index performance is based on total return in SAR. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

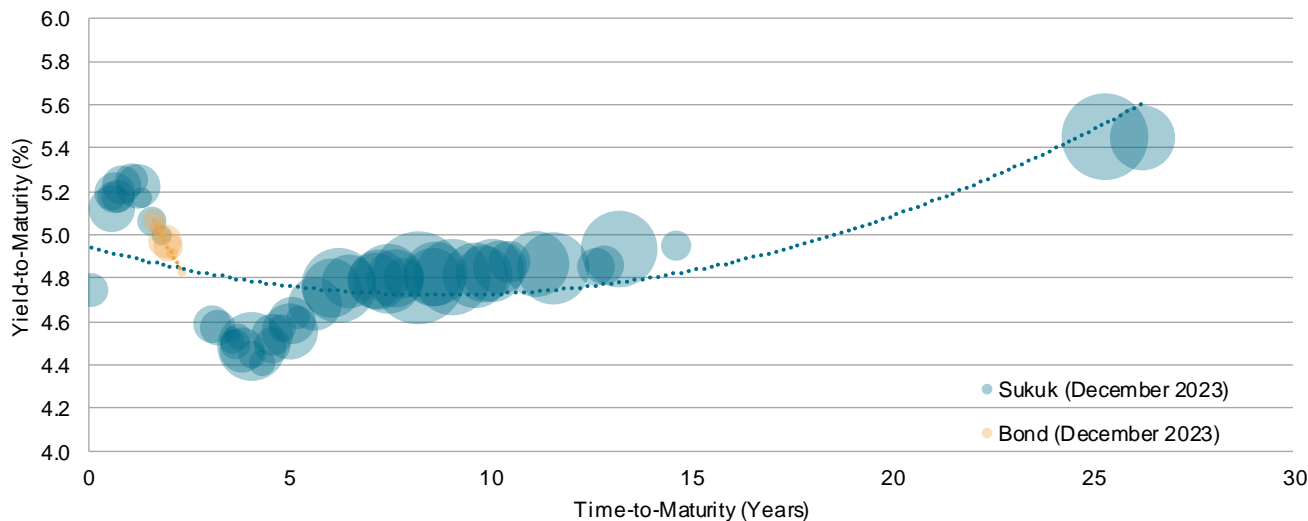
Exhibit 10: Key Analytics of the iBoxx Tadawul SAR Government Sukuk and Bond Index



Source: IHS Markit, part of S&P Global. Data as of Dec. 31, 2023. Past performance is no guarantee of future results. Charts are provided for illustrative purposes.

The time-to-maturity of the bonds within the index was fairly short, ranging from 1.6 to 2.3 years. With a collective notional amount of SAR 11.55 billion, the yield of SAR government bonds rose in tandem with the yield of SAR government sukuk, to about 5%.

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 Dec. 31, 2023. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

General Disclaimer

© 2024 S&P Dow Jones Indices. All rights reserved. S&P, S&P 500, SPX, SPY, The 500, US500, US 30, S&P 100, S&P COMPOSITE 1500, S&P 400, S&P MIDCAP 400, S&P 600, S&P SMALLCAP 600, S&P GIVI, GLOBAL TITANS, DIVIDEND ARISTOCRATS, Select Sector, S&P MAESTRO, S&P PRISM, S&P STRIDE, GICS, SPIVA, SPDR, INDEXOLOGY, iTraxx, iBoxx, ABX, ADBI, CDX, CMBX, LCDX, MBX, MCDX, PRIMEX, TABX, HHPI, IRXX, I-SYND, SOVX, CRITS, CRITR are registered trademarks of S&P Global, Inc. ("S&P Global") or its affiliates. DOW JONES, DJIA, THE DOW and DOW JONES INDUSTRIAL AVERAGE are trademarks of Dow Jones Trademark Holdings LLC ("Dow Jones"). These trademarks together with others have been licensed to S&P Dow Jones Indices LLC. Redistribution or reproduction in whole or in part are prohibited without written permission of S&P Dow Jones Indices LLC. This document does not constitute an offer of services in jurisdictions where S&P Dow Jones Indices LLC, S&P Global, Dow Jones or their respective affiliates (collectively "S&P Dow Jones Indices") do not have the necessary licenses. Except for certain custom index calculation services, all information provided by S&P Dow Jones Indices is impersonal and not tailored to the needs of any person, entity or group of persons. S&P Dow Jones Indices receives compensation in connection with licensing its indices to third parties and providing custom calculation services. Past performance of an index is not an indication or guarantee of future results.

It is not possible to invest directly in an index. Exposure to an asset class represented by an index may be available through investable instruments based on that index. S&P Dow Jones Indices does not sponsor, endorse, sell, promote or manage any investment fund or other investment vehicle that is offered by third parties and that seeks to provide an investment return based on the performance of any index. S&P Dow Jones Indices makes no assurance that investment products based on the index will accurately track index performance or provide positive investment returns. S&P Dow Jones Indices LLC is not an investment advisor, and S&P Dow Jones Indices makes no representation regarding the advisability of investing in any such investment fund or other investment vehicle. A decision to invest in any such investment fund or other investment vehicle should not be made in reliance on any of the statements set forth in this document. S&P Dow Jones Indices is not an investment adviser, commodity trading advisor, commodity pool operator, broker dealer, fiduciary, promoter (as defined in the Investment Company Act of 1940, as amended), "expert" as enumerated within 15 U.S.C. § 77k(a) or tax advisor. Inclusion of a security, commodity, crypto currency or other asset within an index is not a recommendation by S&P Dow Jones Indices to buy, sell, or hold such security, commodity, crypto currency or other asset, nor is it considered to be investment advice or commodity trading advice.

These materials have been prepared solely for informational purposes based upon information generally available to the public and from sources believed to be reliable. No content contained in these materials (including index data, ratings, credit-related analyses and data, research, valuations, model, software or other application or output therefrom) or any part thereof ("Content") may be modified, reverse-engineered, reproduced or distributed in any form or by any means, or stored in a database or retrieval system, without the prior written permission of S&P Dow Jones Indices. The Content shall not be used for any unlawful or unauthorized purposes. S&P Dow Jones Indices and its third-party data providers and licensors (collectively "S&P Dow Jones Indices Parties") do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Dow Jones Indices Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content. THE CONTENT IS PROVIDED ON AN "AS IS" BASIS. S&P DOW JONES INDICES PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Dow Jones Indices Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the Content even if advised of the possibility of such damages.

S&P Global keeps certain activities of its various divisions and business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain divisions and business units of S&P Global may have information that is not available to other business units. S&P Global has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

In addition, S&P Dow Jones Indices provides a wide range of services to, or relating to, many organizations, including issuers of securities, investment advisers, broker-dealers, investment banks, other financial institutions and financial intermediaries, and accordingly may receive fees or other economic benefits from those organizations, including organizations whose securities or services they may recommend, rate, include in model portfolios, evaluate or otherwise address.