

**Fact sheet - 31 December 2013**
**NAV per unit SAR 10.435**
**Fund Objective**

Itqan Murabahat & Sukuk Fund (SAR) is a public diversified fund aimed at realizing Shari'ah compliant superior returns while preserving capital participation, providing the investors with the facility of redemption upon need and with the best method of risk management. In order to achieve its investment objectives, the Fund will primarily invest in the Saudi market in a diversified portfolio of high-quality Shari'ah compliant short-term & medium investment instruments including:

Commodity Murabaha-based Transactions.

Various kinds of Sukuk.

Units of investment funds investing primarily in Murabahat transactions and/or Sukuk.

**Investment Commentary**

2013 was a difficult year for the fixed income market. The first few months were relatively benign, as international bonds markets remained supported by accommodative U.S. Federal Reserve Policy, strong investor demand and the combination of low inflation and slow growth.

However, this favorable backdrop changed abruptly in May when Chairman of the U.S. Fed Mr. Bernanke suggested that the Fed might soon taper its Quantitative Ease Policy followed by a violent sell off by investors. Accordingly the Dow Jones Sukuk Index, which measures the performance of the global sukuk market and the best proxy for Islamic Fixed Income asset class, lost an expensive 3.4% during the entire year of 2013.

Unlike the poor negative performance of the bond and sukuk markets and mainly due to its conservative management style, 2013 was another outstanding year for our fund. The fund posted a positive return of 0.83% outperforming its official benchmark and taking its alpha since inception to 2.66%. In an anticipation of the downturn in the bond markets, the fund manager had managed to reduce its exposure to Sukuk and invested mainly in the safe Islamic Murabaha with reputable regional Islamic Banks who enjoy good credit ratings.

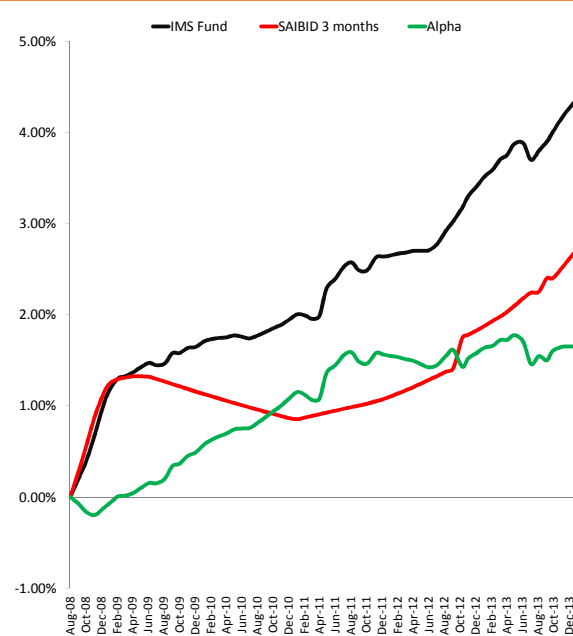
In 2014 we expect the Sukuk market to remain under pressure as the U.S. Fed is tapering its QE. Sukuk market will witness above average volatility and offer below average return. Hence, the Fund will keep its conservative policy intact.

**Fund Performance**

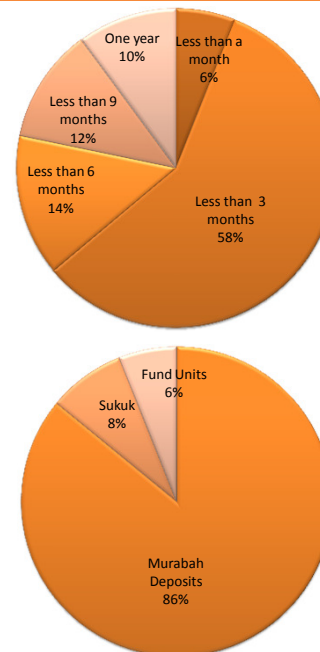
	Fund	Benchmark
2009	0.53%	-0.08%
2010	0.30%	-0.29%
2011	0.65%	0.25%
2012	0.82%	0.76%
1 Q 2013	0.25%	0.15%
2 Q 2013	0.15%	0.36%
3 Q 2013	0.51%	0.57%
4 Q 2013	0.83%	0.78%
YTD Annualized	0.83%	0.78%
Since Inception	4.35%	2.66%

**Key Facts**

Fund Manager	Itqan Capital
Fund Class	Capital Preservation
Currency	Saudi Riyal (SAR)
Fund Type	Open-ended Fund
Fund Category	Diversified Public Fund
Subscription	Every working day
Redemption Payment	Thursday & Monday
Valuation Days	Sunday & Tuesday
Redemption Payment	Within 2 working days of next valuation day
Unit Value @ Inception	SAR 10
Commencement	4-Aug-2008
Benchmark	Three months SIBID
Risk Level	Low-Medium
Management Fee	0.25% annually of NAV
Admin & Unit Processing fee	0.15% annually of NAV
Other Fees	0.10% annually of NAV
External Auditor	Ernst & Young

**Performance - Since May 2008**


The fund's benchmark was One Month SIBID, on 6th April 2013 the benchmark became equal to Three Months SIBID

**Asset Allocation**

**Statistical Information**

	Fund	Benchmark
Accumulative Alpha	1.69%	0.00
Beta	0.33	1.00
Sharpe Ratio	0.17	0.00

Itqan Capital, authorized by CMA, license # 07058-37, PO Box 8021, Jeddah 214822, Al Shatie Center, Kings Road, KSA.  
Tel. +966 12 243 7000, Fax. +966 12 234722

Disclaimer: Neither the past performance of the investment fund nor the past performance of the index is an indication of how the investment fund will perform in the future. There is no guarantee for unit holders that the investment fund's absolute performance or its performance relative to the index will repeat or match past performance.

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