

Fact sheet - 30 June 2014
NAV per unit SAR 10.5179
Fund Objective

Itqan Murabihat & 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 Murabihat transactions and/or Sukuk.

Investment Commentary

Our fund maintained its outstanding performance during the second quarter of 2014, ending the period with an annualized rate of return of 1.60%. The fund outperformed all its peers and benchmark, thereby becoming the best performing Saudi fund in its class.

In the global arena, 10-year US Treasury Note continued to hover around the 2.5-2.7% area since it fell from its high of just over 3% reached in late December 2013. As we predicted, the Fed continued to taper the asset purchase program further by USD 10 billion/month, cementing the expectation that this is the path of least resistance to an exit from QE. Also, as we expected, the Fed eliminated its numerical threshold of 6.5% unemployment rate for hiking rates, replacing it with a more qualitative reference to "assess progress—

both realized and expected—towards its objectives of maximum employment and 2% inflation."

The Fed's updated forecasts are in line with our own projections and suggest more progress on the labor front will be achieved this year even in the context of a slight downward revision of GDP growth. More importantly, the Fed raised its year-end 2015 and 2016 median funds rate projections to 1% and 2.25% from 0.75% and 1.75%, respectively.

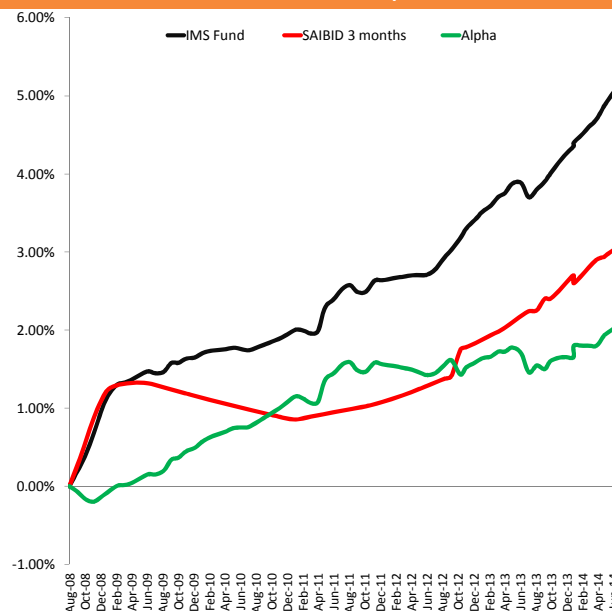
All this suggests that fixed income yields will likely increase over the long term. In light of our goal to build upon the fund's current exemplary performance, we are biased towards several investment opportunities in the regional Sukuk market that exhibit low duration and high credit standing while paying an attractive yield.

Fund Performance

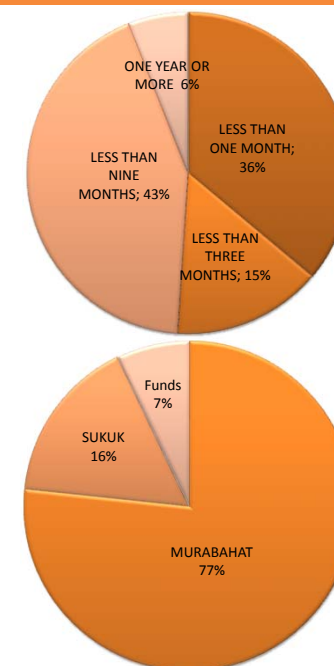
	Fund	Benchmark
2010	0.32%	-0.29%
2011	0.65%	0.24%
2012	0.82%	0.76%
2013	0.83%	0.78%
1 Q 2014	0.36%	0.20%
2 Q 2014	0.43%	0.21%
3 Q 2014	-	-
4 Q 2014	-	-
YTD Annualized	1.60%	0.83%
Since Inception	5.18%	3.08%

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


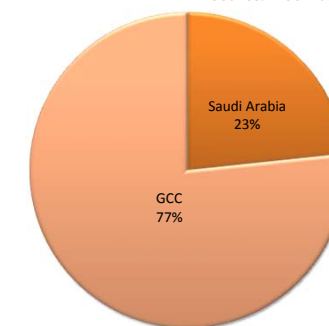
The fund's benchmark was One Month SIBID, on 6th April 2013 the benchmark became equal to Three Months SIBID

Asset Allocation

Statistical Information

Accumulative Alpha 2.10%

Beta 0.34

Source: Bloomberg



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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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