

QNB Debt Fund - Monthly Report for December 2024

Investment Objective

To provide investors with competitive, investment returns from selected bonds issued by reputable companies located in Qatar and the other member nations of the Gulf Cooperation Council and their entities in any region with a fund's maximum average portfolio duration of four years.

Total Net Asset value (in QAR)	Total Net Asset value per unit month of December - 24 (in QAR)	Total Net Asset value per unit month of November - 24 (in QAR)
38,076,260.80	13.871	13.931

	Fund	Benchmark
1 Month	-0.43 %	0.44 %
Year to Date	5.05 %	6.04 %
1 year	5.05 %	6.04 %
3 Years	5.49 %	14.78 %
Since Inception	38.71 %	28.96 %

Annualised Returns (%)

2023	4.95 %	5.83 %
2022	-4.32 %	2.28 %
2021	4.22 %	0.61 %
2020	-1.19 %	1.13 %
2019	8.04 %	2.83 %
2018	0.48 %	2.55 %
2017	4.32 %	1.61 %
2016	6.52 %	1.01 %
2015	-0.48 %	0.70 %
2014	4.39 %	0.66 %
2013	1.89 %	0.64 %

Risk Indicators

St. Deviation (3 years)	3.13 %	0.54 %
Sharpe (3 years)	-0.33	-3.41

Fund Information

Particulars	Fund Manager Comment
Fund type	Open-End Fund
Category	Fixed Income
Style	Active
Geography	Qatar
Subscription/Redemption	Monthly
Minimum	QR 20,000
Investment Management Fee	0.75 % p.a
Subscription / Redemption Fee	Nil
Benchmark*	SOFR + 50 bps
Performance Fee	n/a
Inception	January 2013
Fund Currency	Qatari Riyal
Auditor	Deloitte & Touche
Regulator Founder	QCB – Qatar Central Bank
Founder	QNB
Investment Manager	QNB Suisse SA
Custodian	HSBC

2024 may not be considered one of the best years for the Fixed Income asset Class, as rates were elevated in the longer end despite Fed rate cuts. The high-yield segment did well within the Fixed-income space, while investment grade and long-term duration strategies underperformed. Even though the year started with the prediction of seven rate cuts for 2024, we witnessed only four rate cuts for the year, and the outlook as of 2024 end was not so dovish as the beginning of the year.

The US 10-year treasury rate moved from 3.87% to 4.6% during the Year, which was not ideal for Fixed Income space. The steepening of the yield curve was apparent, with the US 10Yr-2Yr gap moving from -37 bps to 32 bps. The steepening of the curve was mainly induced by the sticky inflation evident throughout the year and the renewed fiscal expansion expectation under the new administration.

Given that rates are elevated compared to the start of 2024, we expect a moderately good year for fixed income space, provided no significant demons emerge during the year that may lead to spread widening. Currently, the Bloomberg MENA index has a gross yield of 5.8% with a duration of 6.3 years, which should be a decent entry level for fixed-income investors, given the downward trajectory of short-term rates.

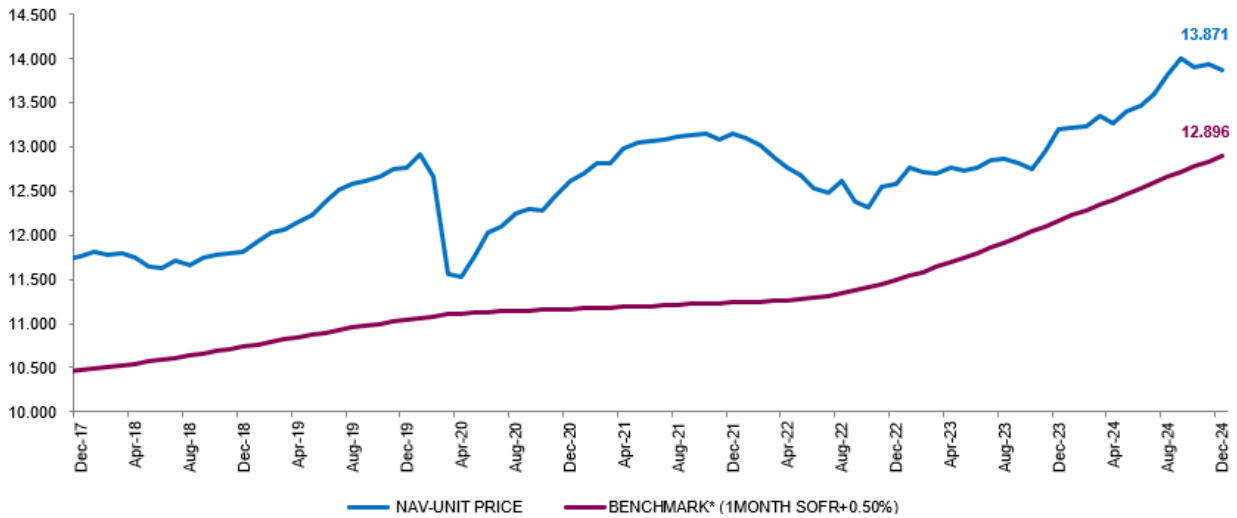
Top 5 Holdings

Issuer Name	Weight (%)
1 Public Investment Fund	6.67 %
2 QNB Finansbank	5.44 %
3 Government of Bahrain	4.81 %
4 Sharjah Islamic Bank	4.71 %
5 Ahli Bank Qatar	4.57 %

During the Year, Brent moved marginally lower to c. USD 74.64 from c. USD 77.04, with the weight of expected lower global demand pulling more than the impact created by the geopolitical tensions. The regional IG and HY space remain favorable to their global counterparts and will continue attracting flows from yield-seeking investors.

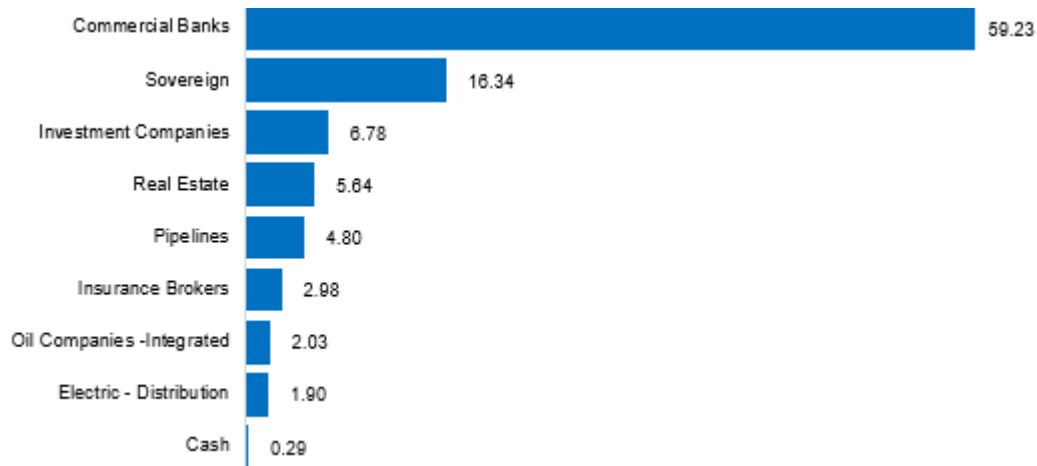
As of December 2024, QNB Debt Fund held 31 holdings with a long-term gross yield of c. 6.2 % p.a and a duration of c. 3.5 Years

NAV Movement



*Benchmark – Replacement rate SOFRRATE Index used after the cessation of US0001M Index from November 2024, in line with guidance set by the International Swaps and Derivatives Association (ISDA)

Sector Allocation



Contact Details

Investment Manager QNB Suisse SA
Fund Manager Chanaka Dassanayaka CFA
Address Quai du Mont-Blanc 1, 1201 Geneva
Telephone in Qatar +974 4440 7339

Information

Bloomberg Ticker: QNBDEBT QD Equity
Reuters Ticker: LP68186853
Morningstar Ticker: F00000PXPQ

Disclaimer: The information herein is for illustrative purposes only and reflects current market practices and is not intended to constitute legal, tax, accounting, or financial advice; investors should consult their own advisers on such matters. At all times prospective investors considering an investment in the Fund should carefully read the Articles of Association, the Prospectus and the Terms & Conditions of the Subscription form d. Investors are reminded that past performance of any investment is not a guide to future returns. QNB is regulated by Qatar Central Bank. All performance changes figures are net of performance fees.

Fund registration No. at Ministry of Business & Trade: 58029