

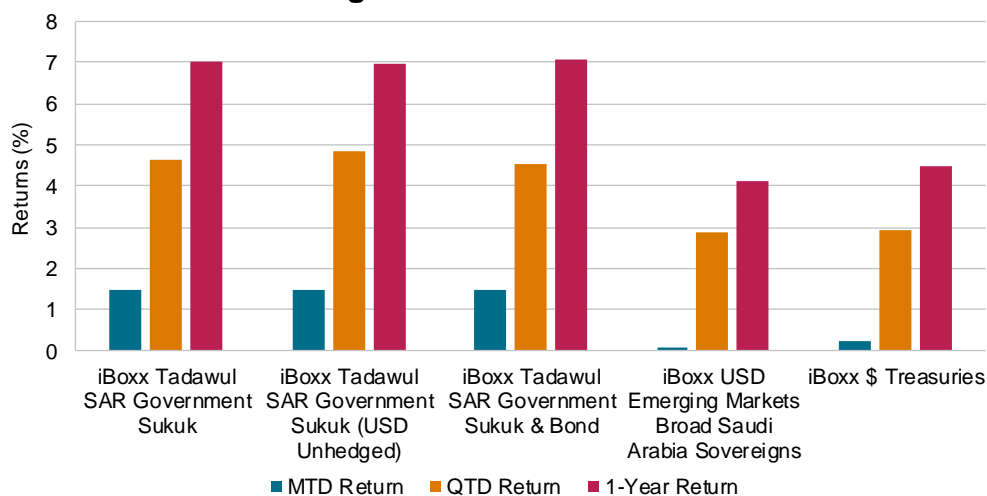
# iBoxx Tadawul SAR Government Sukuk Indices – Q1 2025

## Contributor

Jessica Tan  
Principal  
Fixed Income Indices  
[jessica.tan@spglobal.com](mailto:jessica.tan@spglobal.com)

## Featuring iBoxx USD Emerging Markets Broad Saudi Arabia Sovereigns

### Exhibit 1: Comparison of iBoxx Tadawul SAR Government Sukuk Index Returns against Other Indices



Source: S&P Dow Jones Indices LLC. Data as of March 31, 2025. The iBoxx USD Emerging Markets Broad Saudi Arabia Sovereigns was launched June 15, 2024. The iBoxx Tadawul SAR Government Sukuk (USD Unhedged) was launched Feb. 27, 2025. All data prior to such date is back-tested hypothetical data. Past performance is no guarantee of future results. Chart is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

In Q1 2025, the iBoxx Tadawul SAR Government Sukuk Index recorded three consecutive months of gains and concluded the quarter up 4.66%. Since the Saudi riyal is pegged to the U.S. dollar, the local currency and USD unhedged versions of the iBoxx Tadawul SAR Government Sukuk Index exhibited similar performance due to only negligible currency fluctuations.

SAR-denominated bonds make up less than 2% of the iBoxx Tadawul SAR Government Sukuk & Bond Index, resulting in minimal deviations in performance when compared to the sukuk-only index.

The Kingdom of Saudi Arabia diversifies its debt portfolio between domestic and international financing, with USD-denominated debt being the primary source of international issuances. The iBoxx USD Emerging Markets Broad Saudi Arabia Sovereigns Index tracks the performance of USD-denominated government sukuk and bonds.

The performance of USD-denominated securities resembles that of U.S. Treasuries more closely than other indices shown in Exhibit 1. This similarity stems from the USD-denominated debt interest rate curve reflecting the prevailing U.S. Treasuries interest curve with a credit spread compensating for the additional risk associated with the Saudi Government compared to the U.S. government, which is the issuer of the U.S. dollar.

#### Exhibit 2a: Key Analytics of the iBoxx Tadawul SAR Government Sukuk Index and Other Indices

Key Analytics	iBoxx Tadawul SAR Government Sukuk Index	Change since Q4 2024	iBoxx Tadawul SAR Government Sukuk and Bond Index	Change since Q4 2024	iBoxx USD Emerging Markets Broad Saudi Arabia Sovereigns	Change since Q4 2024
Annual Yield (%)	5.16	-0.53	5.16	-0.53	5.58	-0.25
Coupon (%)	3.63	0.06	3.63	0.04	4.39	0.11
Duration (Years)	6.48	0.02	6.31	-0.04	6.64	-0.35
Expected Remaining Life (Years)	8.29	-0.12	8.07	-0.19	11.23	-0.85
Average Rating	A		A		A	
Currency	SAR		SAR		USD	
Debt Type	Domestic Sovereign Sukuk		Domestic Sovereign Sukuk and Bonds		USD Sovereign Sukuk and Bonds	
Minimum Amount Outstanding	SAR 100 million		SAR 100 million		USD 250 million	

Source: S&P Dow Jones Indices LLC. Data as of March 31, 2025. Table is provided for illustrative purposes.

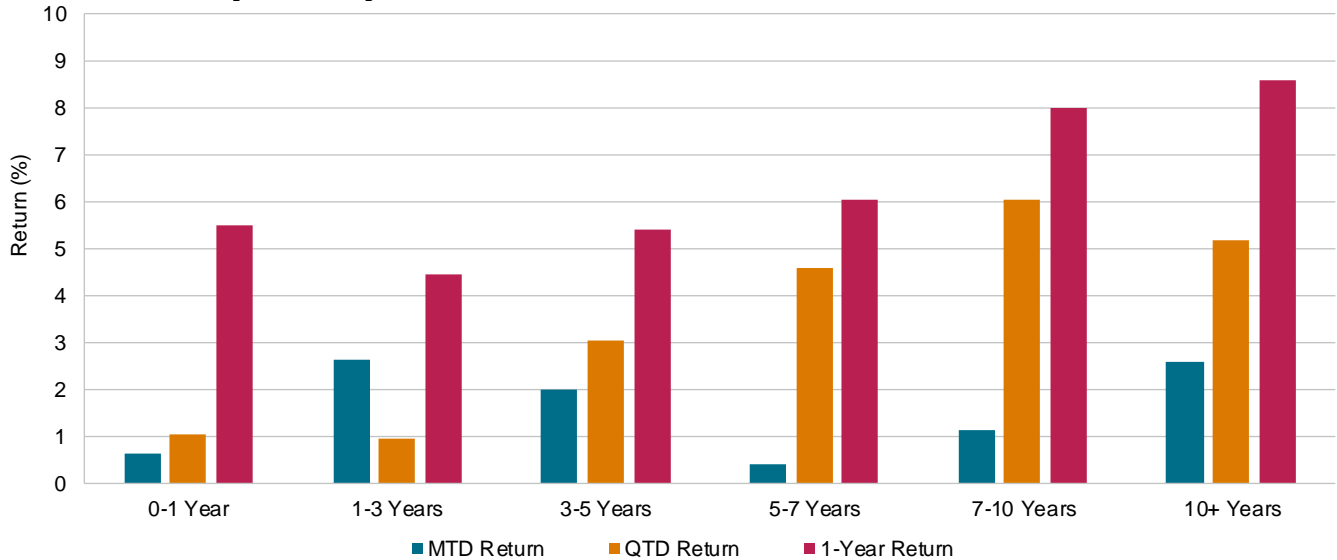
## Exhibit 2b: Key Analytics of the iBoxx Tadawul SAR Government Sukuk Index and Other Indices Post Rebalancing

Key Analytics	iBoxx Tadawul SAR Government Sukuk Index	Change since Q4 2024	iBoxx Tadawul SAR Government Sukuk and Bond Index	Change since Q4 2024	iBoxx USD Emerging Markets Broad Saudi Arabia Sovereigns	Change since Q4 2024
Rebalancing Frequency	Quarterly	-	Monthly	-	Monthly	-
Number of Instruments	49	-2.00	56	-2.00	38	3.00
Notional Amount (SAR Billions)	577.76	4.24	589.31	4.24	-	-
Notional Amount (USD Billions)	154.02	1.39	157.10	1.39	118.54	12.00

Source: S&P Dow Jones Indices LLC. Data as of March 31, 2025. Index performance based on total return in currency of the indices. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

Diving into index analytics in Exhibit 2, the annual yield of the SAR-denominated indices reduced by 53 bps to 5.16% while the USD-denominated debt yield only decreased by less than half of the SAR-denominated debt (down 25 bps). Duration for SAR-denominated indices remained largely unchanged while the USD-denominated debt duration shortened by 0.35 years. Post rebalancing, the number of iBoxx Tadawul SAR Government Sukuk Index constituents fell from 51 to 49, after two sukuk with notional amounts of approximately SAR 7.00 billion and SAR 3.78 billion matured. Saudi Arabia did not issue any new SAR-denominated sukuk in Q1, choosing instead to tap existing issuances. However, they did issue new USD-denominated debt totaling USD 12 billion through three bond offerings during the same period.

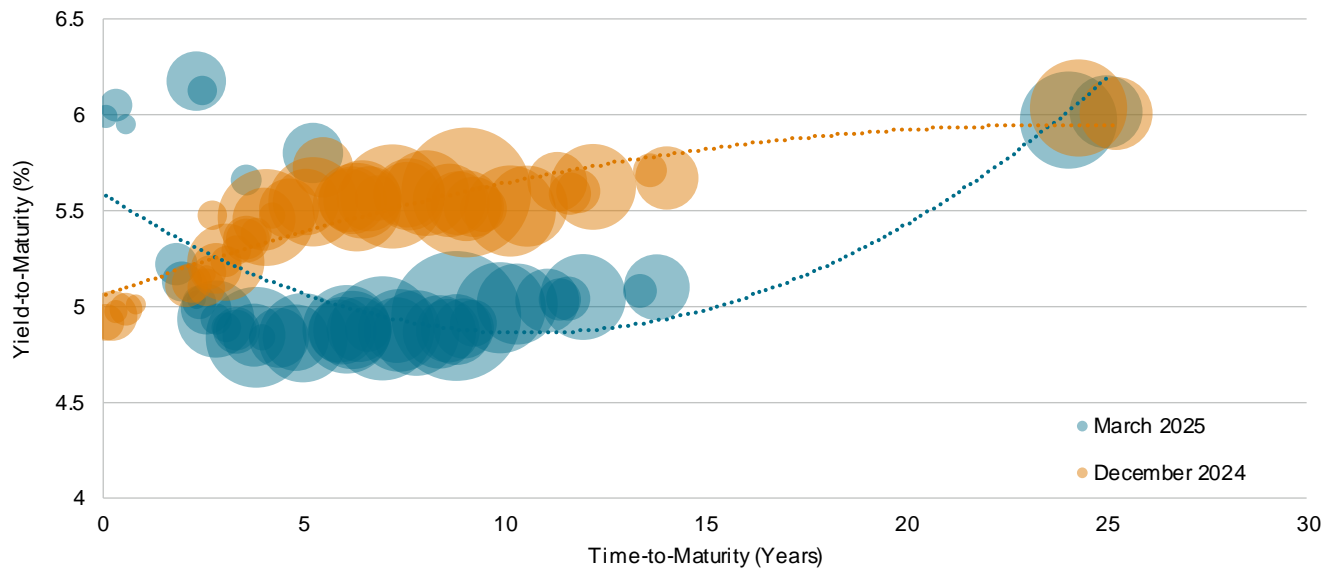
**Exhibit 3: iBoxx Tadawul SAR Government Sukuk Index Monthly, Quarterly and One-Year Returns by Maturity**



Source: S&P Dow Jones Indices LLC. Data as of March 31, 2025. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

Among the various maturity buckets shown in Exhibit 3, the short-end (1-3 years) and the long-end (10+ years) sukuk performed the best in March (up 2.63% and 2.60%, respectively). In Q1, the sukuk with the longest remaining time-to-maturity (7-10 years and 10+ years) performed the best (up 6.04% and 5.16%, respectively). This trend was also evident in the one-year returns, with both maturity buckets providing more than 8% in gains, particularly after the yield curve shifted downward following the three repo rate cuts from the Saudi Central Bank in 2024.

### Exhibit 4: Yield Curve of the iBoxx Tadawul SAR Government Sukuk Index

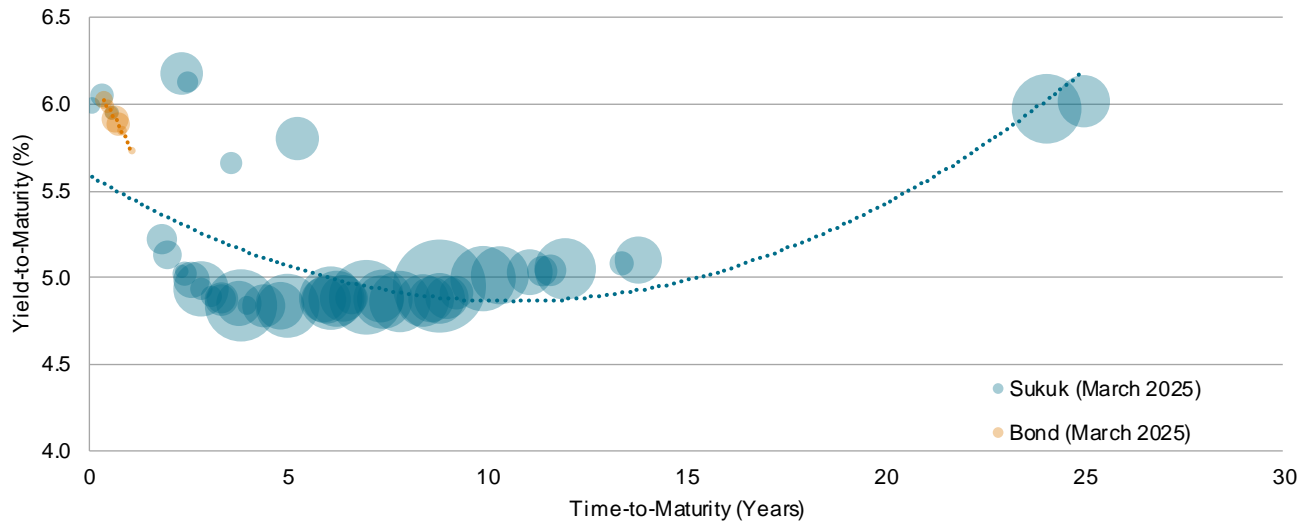


(Bubble Scale = Notional Amount Outstanding in SAR)

Source: S&P Dow Jones Indices LLC. Data as of March 31, 2025. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

Influenced by the global bond market moves, the yield curve shifted downward and returned to the range observed at the end of Q3 2024 (see Exhibit 4). The medium-dated segment (5-10 years) of the curve concaved upward as the yields of these sukuk fell by approximately 67 bps, while the shorter-dated (0-5 years) and longer-dated (10+ years) sukuk experienced a smaller reduction in yield (38 bps each). Despite the Saudi Central Bank maintaining its repo rate at 5%, the ultrashort-dated sukuk yields climbed back to the 6% region, leading to an inversion of the yield curve once again.

### Exhibit 5: Bond versus Sukuk Yields in the iBoxx Tadawul SAR Government Sukuk and Bond Index



(Bubble Scale = Notional Amount Outstanding in SAR)

Source: S&P Dow Jones Indices LLC. Data as of March 31, 2025. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

The time-to-maturity range of the bonds in the index was notably shorter (0 to 2 years) compared to the sukuk in the index (0 to 25 years). With a total notional amount of SAR 11.55 billion and a shorter time-to-maturity, the yield on SAR government bonds bounced back to the 6% region in line with the ultra-short sukuk, while the other short- to medium-dated SAR government sukuk yields dropped from the 5.5% region to the 5.0% region. The long-dated SAR government sukuk yields remained unchanged at approximately 6%.

## Performance Disclosure/Back-Tested Data

The iBoxx USD Emerging Markets Broad Saudi Arabia Sovereigns was launched June 15, 2024. The iBoxx Tadawul SAR Government Sukuk (USD Unhedged) was launched February 27, 2025. All information presented prior to an index's Launch Date is hypothetical (back-tested), not actual performance, and is based on the index methodology in effect on the index launch date. However, when creating back-tested history for periods of market anomalies or other periods that do not reflect the general current market environment, index methodology rules may be relaxed to capture a large enough universe of securities to simulate the target market the index is designed to measure or strategy the index is designed to capture. For example, market capitalization and liquidity thresholds may be reduced. In addition, forks have not been factored into the back-test data with respect to the S&P Cryptocurrency Indices. For the S&P Cryptocurrency Top 5 & 10 Equal Weight Indices, the custody element of the methodology was not considered; the back-test history is based on the index constituents that meet the custody element as of the Launch Date. Also, the treatment of corporate actions in back-tested performance may differ from treatment for live indices due to limitations in replicating index management decisions. Complete index methodology details are available at [www.spglobal.com/spdji](http://www.spglobal.com/spdji). Back-tested performance reflects application of an index methodology and selection of index constituents with the benefit of hindsight and knowledge of factors that may have positively affected its performance, cannot account for all financial risk that may affect results and may be considered to reflect survivor/look ahead bias. Actual returns may differ significantly from, and be lower than, back-tested returns. Past performance is not an indication or guarantee of future results.

Please refer to the methodology for the Index for more details about the index, including the manner in which it is rebalanced, the timing of such rebalancing, criteria for additions and deletions, as well as all index calculations. Back-tested performance is for use with institutions only; not for use with retail investors.

S&P Dow Jones Indices defines various dates to assist our clients in providing transparency. The First Value Date is the first day for which there is a calculated value (either live or back-tested) for a given index. The Base Date is the date at which the index is set to a fixed value for calculation purposes. The Launch Date designates the date when the values of an index are first considered live: index values provided for any date or time period prior to the index's Launch Date are considered back-tested. S&P Dow Jones Indices defines the Launch Date as the date by which the values of an index are known to have been released to the public, for example via the company's public website or its data feed to external parties. For Dow Jones-branded indices introduced prior to May 31, 2013, the Launch Date (which prior to May 31, 2013, was termed "Date of introduction") is set at a date upon which no further changes were permitted to be made to the index methodology, but that may have been prior to the Index's public release date.

Typically, when S&P DJI creates back-tested index data, S&P DJI uses actual historical constituent-level data (e.g., historical price, market capitalization, and corporate action data) in its calculations. As ESG investing is still in early stages of development, certain datapoints used to calculate S&P DJI's ESG indices may not be available for the entire desired period of back-tested history. The same data availability issue could be true for other indices as well. In cases when actual data is not available for all relevant historical periods, S&P DJI may employ a process of using "Backward Data Assumption" (or pulling back) of ESG data for the calculation of back-tested historical performance.

"Backward Data Assumption" is a process that applies the earliest actual live data point available for an index constituent company to all prior historical instances in the index performance. For example, Backward Data Assumption inherently assumes that companies currently not involved in a specific business activity (also known as "product involvement") were never involved historically and similarly also assumes that companies currently involved in a specific business activity were involved historically too. The Backward Data Assumption allows the hypothetical back-test to be extended over more historical years than would be feasible using only actual data. For more information on "Backward Data Assumption" please refer to the [FAQ](#). The methodology and factsheets of any index that employs backward assumption in the back-tested history will explicitly state so. The methodology will include an Appendix with a table setting forth the specific data points and relevant time period for which backward projected data was used.

Index returns shown do not represent the results of actual trading of investable assets/securities. S&P Dow Jones Indices maintains the index and calculates the index levels and performance shown or discussed but does not manage actual assets. Index returns do not reflect payment of any sales charges or fees an investor may pay to purchase the securities underlying the Index or investment funds that are intended to track the performance of the Index. The imposition of these fees and charges would cause actual and back-tested performance of the securities/fund to be lower than the Index performance shown. As a simple example, if an index returned 10% on a US \$100,000 investment for a 12-month period (or US \$10,000) and an actual asset-based fee of 1.5% was imposed at the end of the period on the investment plus accrued interest (or US \$1,650), the net return would be 8.35% (or US \$8,350) for the year. Over a three-year period, an annual 1.5% fee taken at year end with an assumed 10% return per year would result in a cumulative gross return of 33.10%, a total fee of US \$5,375, and a cumulative net return of 27.2% (or US \$27,200).

## General Disclaimer

© 2025 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, DIVIDEND MONARCHS, BUYBACK 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. Index performance does not reflect trading costs, management fees or expenses. 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.

Closing prices for S&P Dow Jones Indices' US benchmark indices are calculated by S&P Dow Jones Indices based on the closing price of the individual constituents of the index as set by their primary exchange. Closing prices are received by S&P Dow Jones Indices from one of its third party vendors and verified by comparing them with prices from an alternative vendor. The vendors receive the closing price from the primary exchanges. Real-time intraday prices are calculated similarly without a second verification.

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.

The Global Industry Classification Standard (GICS®) was developed by and is the exclusive property and a trademark of S&P and MSCI. Neither MSCI, S&P nor any other party involved in making or compiling any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.