

## Investment objective

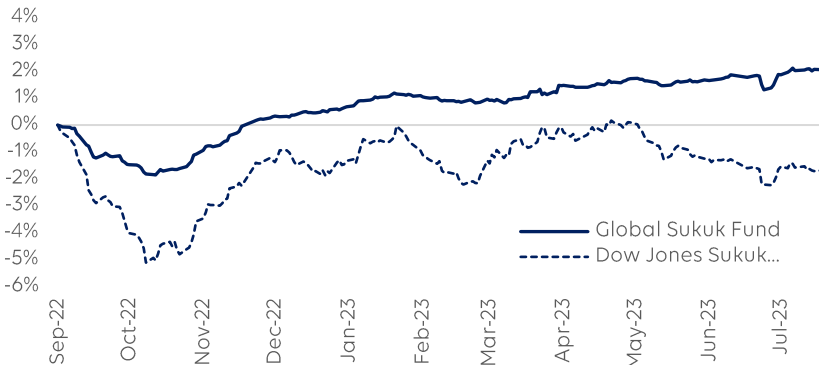
Global Sukuk Fund is invested in global sukuk, Murabaha and Ijarah instruments. Our strategy is to maximizing return on investment by minimizing risk and managing interest rates.

## Fund Manager Commentary

The Global Sukuk Fund was up +0.3% MoM in July (versus -0.1% MoM Dow Jones Sukuk Index) translating to a +1.6% YTD returns ( vs +0.1% YTD Dow Jones Sukuk Index). Treasury yields sold off in July, fully reversing the post June CPI rally, with 10-year yields briefly breaking back above 4%, while spreads broadly narrowed, particularly across corporate credit. Short-term yields rose by about a 12-basis point, intermediate yields up 8 basis points, and longer yields was up 15 basis points, leading to a sustained inversion of 3m/10y hovering around 150bps by the end of July-23. The size and the longevity of the inversion will likely put more pressure on the financial sector exacerbating the asset- liability mismatch. On the spreads, EM sovereign credit spreads are now at year-to-date tight after rallying alongside other risk assets in June and July. Of the ~80bp tightening in the EMBI Global Diversified spread since the beginning of June, roughly half came from sovereigns that are rated CCC or lower, in particular sovereigns in debt distress. Global Aggregate Bond Index was up +0.9% this month, driven by High Yield Index (+2.0%), while investment grade was up 0.6%. Dow Jones Global Sukuk index was down -0.1%. Regionally, the High Yield names topped the performance chart with Egypt (+10%) outperforming the rest, followed by Turkey (+4.3%), Bahrain (+1.7%), and Oman (+1.5%), while the Investment grade space were broadly flat (KSA +0.2%, Qatar +0.10%).

On the monetary policy front, both the Fed and ECB struck a somewhat hawkish tone in their forward guidance, even while delivering 25bp hikes. The BoJ, meanwhile, adjusted its YCC cap from 50bp to 100bp—a move that was not broadly expected by consensus, and contributed to the rise in yields in July, though the softer inflation data kept risk assets well supported. Near-term Fed expectations are little changed, with markets still pricing about 40% probability of an additional hike by November, though markets took out some of the implied cuts for next year, as the likelihood of a higher-for-longer Fed path has risen. With Brent hovering at \$85/barrel, a possibility of Fed tightening in November on the back of a possible uptick in headline inflation cannot be ruled out. While the resiliency of economic growth during a historically unprecedented monetary tightening cycle has been one of the biggest surprises so far this year, we expect crunch time to arrive later in 2023 or early 2024 as the cumulative effects of central bank tightening continue to bite and residual strength from pandemic fiscal policy support wanes if not disappears. As we view that recession risks remain, we continue to be overweight on Investment grade space and on duration.

## Relative Performance



## Fund Metrics

Yield to Maturity	6.4%
Avg. Yearly Coupon (%)	6.0%
Avg. Credit Rating	BBB-
Avg. Maturity (Years)	6.0
Avg. Duration (Years)	4.1

## Top 5 Holdings

Murabaha Mezz Shine	14%
SECO 5.06 04/08/43	7%
KSA 4.511 05/22/33	6%
TFGSUK 10 1/2 08/07/24	6%
SECO 5.684 04/11/53	5%

## Fund Facts

Inception Date	Sep 2022
Domicile	Abu Dhabi Global Markets
Fund Currency	USD
Asset Class	Sukuk
Geography	Global
ISIN	AE0000A2QB2B9
Number of Holdings	50
Subscriptions/Fees	Daily / 0%
Redemptions/Fees	Daily / 0%
Leverage	0%
TER / Management Fee	1.2% / 1.0%
Fund Manager	Aarthi Chandrasekaran
Investment Manager	SHUAA GMC Limited

## Portfolio Statistics

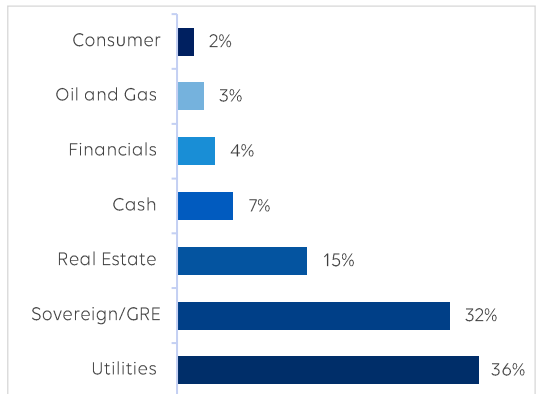
Fund AUM	\$115.6m
NAV per Share	102.1
Dividend per Share	0

## Performance

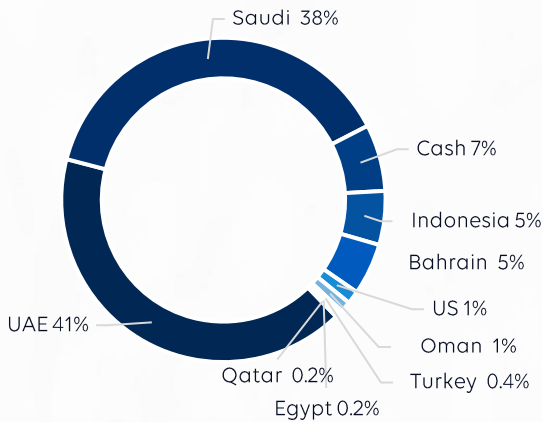
Returns since Inception	2.1%
Annualised return	2.3%
Year to Date (YTD)	1.6%
Month to Date (MTD)	0.3%
Sharpe ratio	1.9
Tracking error	2.6%
2022 returns*	0.4%

\*Inception date 15 Sep 2022

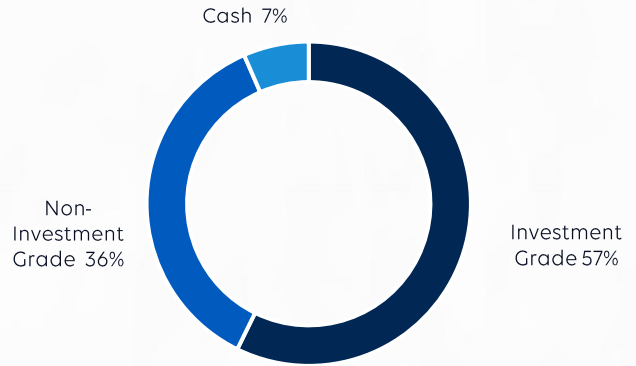
## Sector Allocation



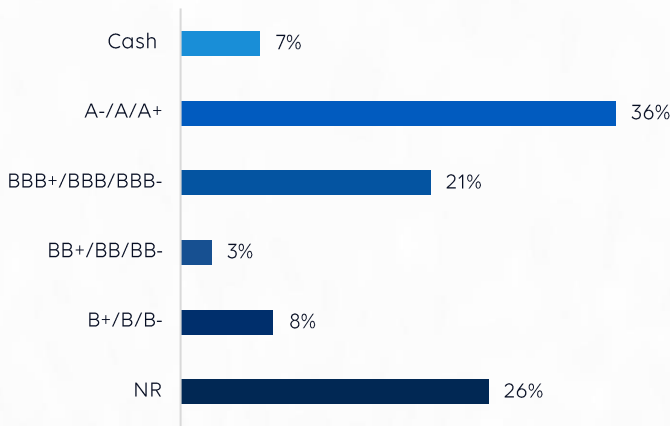
**Country Allocation**



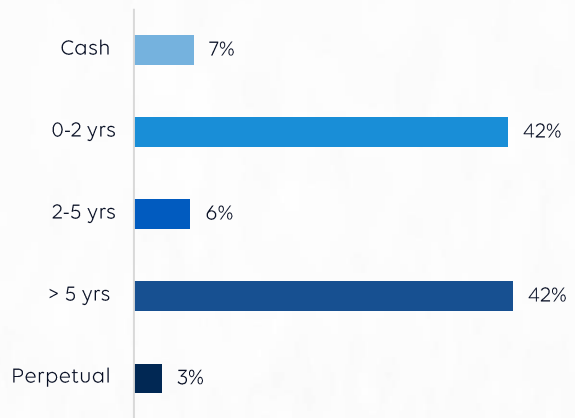
**Sukuk Credit Rating**



**Sukuk Credit Rating Breakdown**



**Duration**



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