

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.

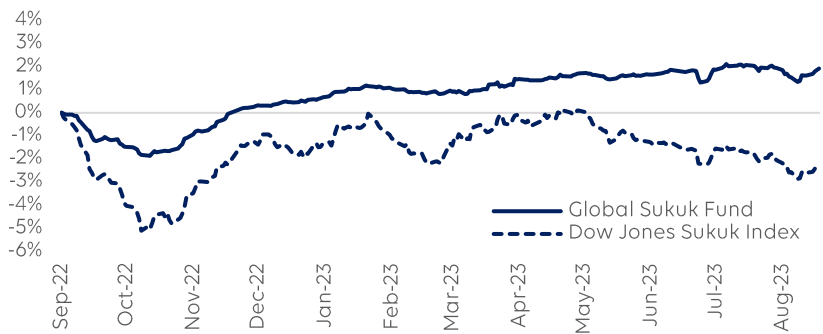
Fund Manager Commentary

The Global Sukuk Fund was -0.1% MoM in August (versus -0.6% MoM Dow Jones Sukuk Index) translating to a +1.5% YTD returns (vs -0.4% YTD Dow Jones Sukuk Index).

It has been a rather volatile month in August, with large moves in yields, steeper curve as well as higher implied volatility. The 10yr yields rose to 4.3% in the first half month of August, while the long ends (30yr) breached 4.5%, both marking new highs for the tightening cycle. However, we saw some retracement in yields by the end of August on the back of benign labor market data and improving market liquidity. We view that the steepening in the yield curve has been well in excess of what can be accounted for based on the current policy stance and other fundamental drivers. We remain comfortable with our view that the FOMC will likely stay on hold for the next several meetings, but we think that hikes would come if the labor market stays firm and/or inflation surprises to the upside, which is definitely a risk with brent hovering around \$90. Across the Euro area, UK and the US, we do see the possibility of the peak policy rate could go higher than the current rate, but we expect policy rates to be lower in early 2024, mid-2024 and mid-2025 for the Fed, the ECB and the BoE, respectively. That said, we now forecast only modest moves in Treasury yields through year-end and do not expect the traditional Fed-on-hold rally until next year, once it becomes clearer that the Fed is closer to start cutting rates.

High Yield (HY) are at the tightest spreads YTD and is doing surprisingly well in the months closer to end of the rate-hiking cycle. We have been vocal with our view that in an environment of higher interest rates, issuers would find it difficult to refinance their maturing debts, especially those with below average business model and/or above average leverage. And this would become even trickier in an environment where growth fails to pick up thereby pressuring corporates' revenues. But this process has not yet materialized as a) higher inflation has kept nominal earnings elevated than historical average, b) 2023 hasn't seen much refinancing as issuers had pre-emptively issued during the low interest rate environment in 2021/22. We expect this to change as we approach the rising maturity walls from 2024 onwards potentially increasing the debt servicing costs multiple times as issuers refinance at rates much higher than before and as the growth slows simultaneously. Accordingly, we are highly selective and granular in High Yield credit space as we need to clearly choose companies which can absorb higher operational cost, and higher cost of capital going forward. With 2% positive real yields, we opt to add duration and our preference for Investment Grade stays put.

Relative Performance



Fund Metrics	
Yield to Maturity	7.1%
Avg. Yearly Coupon (%)	6.2%
Avg. Credit Rating	BB
Avg. Maturity (Years)	6.5
Avg. Duration (Years)	4.5

Top 5 Holdings	
Murabaha Mezz Shine	16%
KSA 4.511 05/22/33	7%
SECO 5.06 04/08/43	7%
INDOIS 4.7 06/06/32	6%
SECO 5.684 04/11/53	6%

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

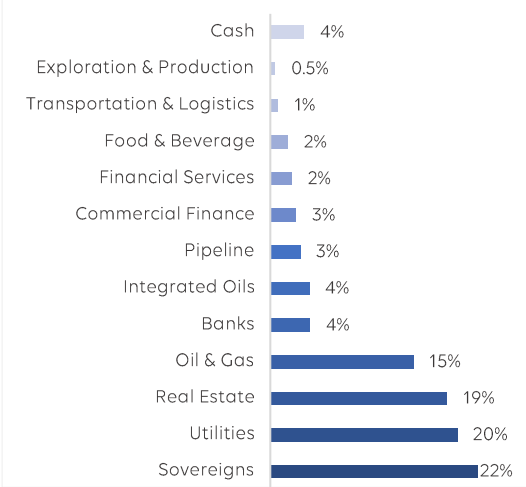
Fund AUM	\$120.5m
NAV per Share	101.9
Dividend per Share	0

Performance

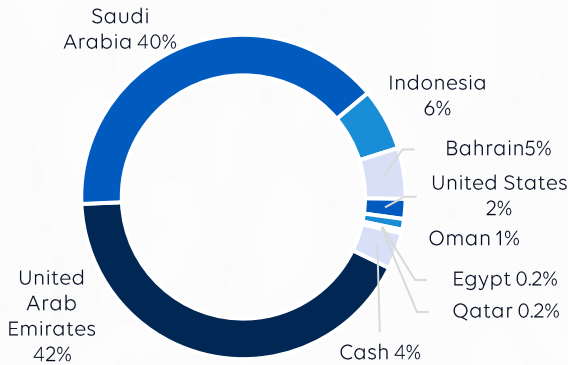
Returns since Inception	1.9%
Annualised return	2.0%
Year to Date (YTD)	1.5%
Month to Date (MTD)	-0.1%
Sharpe ratio	-1.8
Tracking error	2.5%
2022 returns*	0.4%

*Inception date 15 Sep 2022

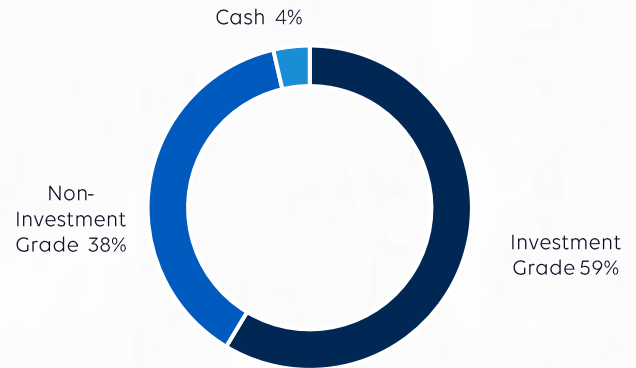
Sector Allocation



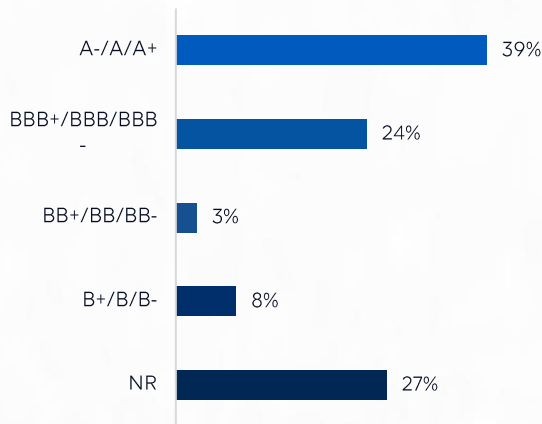
Country Allocation



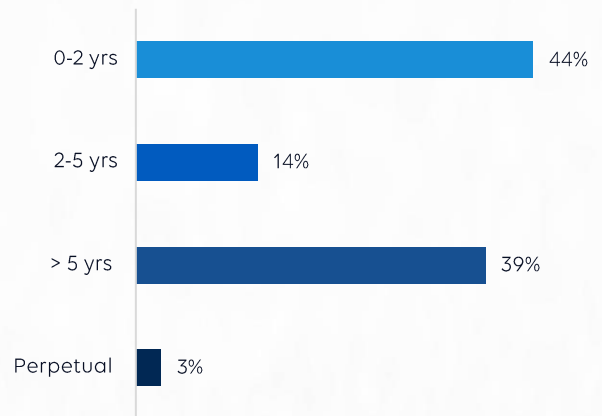
Sukuk Credit Rating



Sukuk Credit Rating Breakdown



Duration



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