

Investment objective

The Fund will seek to achieve attractive risk adjusted returns by investing in Sharia compliant Saudi equities based on bottom-up fundamental research and technical analysis. The fund also allows to add GCC Sharia compliant equity names.

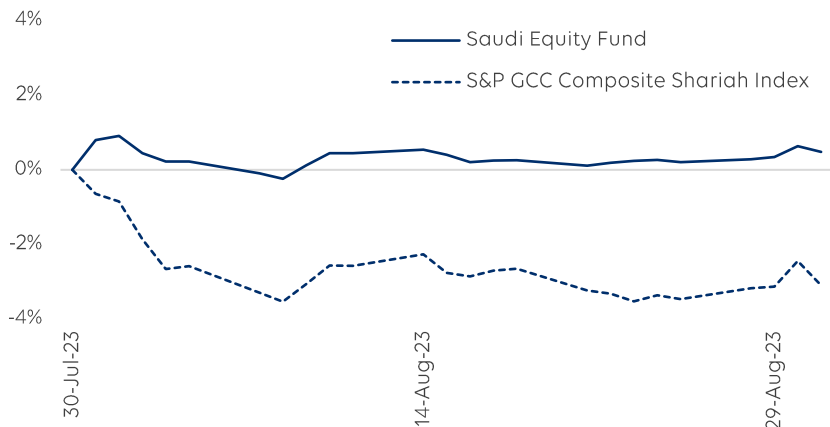
Fund Manager Commentary

Saudi Equity Fund returned 50bps since inception on 31st July 2023 outperforming the S&P GCC Composite Shariah Index which returned -3.1% this month. We have allocated 40% to Saudi equities, 7% to UAE, 4% to Qatar and 1% to Kuwait, with a 47% cash pending allocation since the regional market is still trading at a premium to Emerging markets.

While the Tadawul Index fell 1.7% in August, it still outperformed the MSCI EM Index (down -6.4%) and MENA (down -3.6%). Brent continued to recover, despite rising concerns about Chinese growth: it averaged USD85/bbl in August, up 6% from July's average. The Saudi market is still trading at a wide premium to most Emerging Markets (16x 12m Fwd P/E vs 12.0x for MSCI EM; 2.3x 2023e P/B vs 1.6x for MSCI EM), and it remains a major underweight for actively-managed EM funds. Large caps continue to trade at a deep discount to small and mid-caps, and we have progressively increased our large cap exposure in recent months: MSCI Saudi Large Caps trade at 15.6x 12m Fwd P/E, while MSCI Saudi SMID trades at 21.8x 12m Fwd P/E. Overall, 2Q23 earnings were disappointing: just 13 of the 41 stocks for which Bloomberg reported consensus estimates beat expectations, and aggregate earnings missed by 2%. Of the major sectors, financials missed by the least, while chemicals, unsurprisingly, saw large misses. However, small and mid-caps were not unscathed – the median SMID earnings miss was 7%, while it was just 1% for large caps. More recent central bank rhetoric points to a recovery in domestic investment: imports of capital goods and cars picked up sharply in July, balancing the price-driven fall in food imports. However, credit growth continues to decelerate, with short- and medium-term loans now being the most important drivers of aggregate loan growth.

The key catalyst of Saudi for rest of the year is oil prices and possibly a decision on Expo 2030 in November. Saudi Arabia's commitment to supporting oil prices has been evident in recent months, and their efforts are paying off with Brent crude spot prices approaching \$90/bbl at the time of writing, around \$17/bbl above their June average, and their highest level since April. We note that non-oil growth remained robust, at over 5%yoy in Q2, reflecting strong underlying secular growth drivers due to social and economic reforms, particularly in sectors such as consumers hospitality, entertainment, tourism, cement as well as the accelerated implementation of the government's investment. Accordingly, we like ALMARAI, ALDREES, EXTRA, CARE, CATERING and BUDGET in our Saudi top picks list, as we look to play the still-strong domestic demand.

Fund Returns Since Inception



Fund Facts

Inception Date	July 2023
Domicile	Abu Dhabi Global Markets
Fund Currency	USD/SAR
Asset Class	Sharia compliant Equities
Geography	GCC
ISIN	AE000A3CSWU8
Number of Holdings	30
Subscriptions/Fees	Daily / 0%
Redemptions/Fees	Daily / 0%
Leverage	0%
TER /Management Fee	3.0% / 1.5%
Fund Manager	Aarthi Chandrasekaran
Investment Manager	SHUAA GMC Limited

Portfolio Statistics

Fund AUM	\$44.1m
NAV per Share	100.5

Performance

Returns since Inception	0.5%
Annualised return	5.2%
Year to Date (YTD)	0.5%*
Month to Date (MTD)	0.5%
Sharpe ratio	1.3
Standard deviation	3.9%

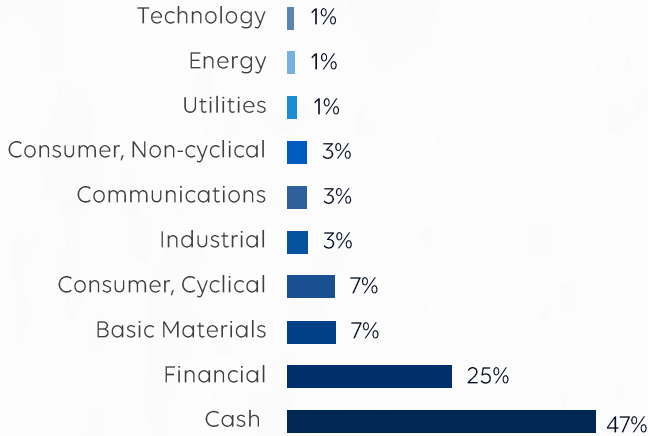
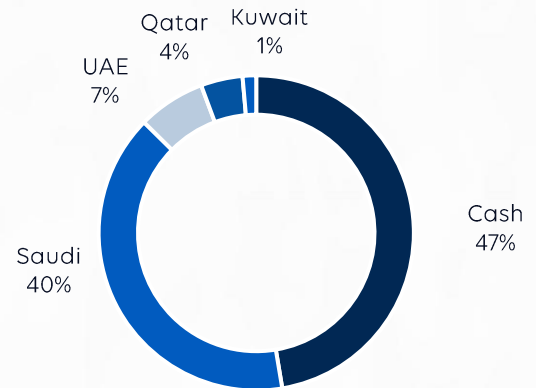
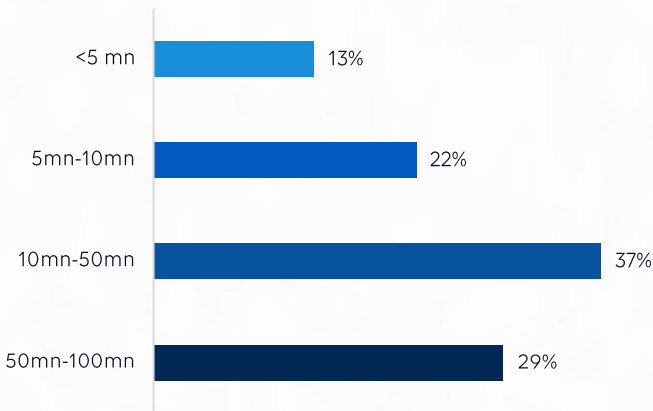
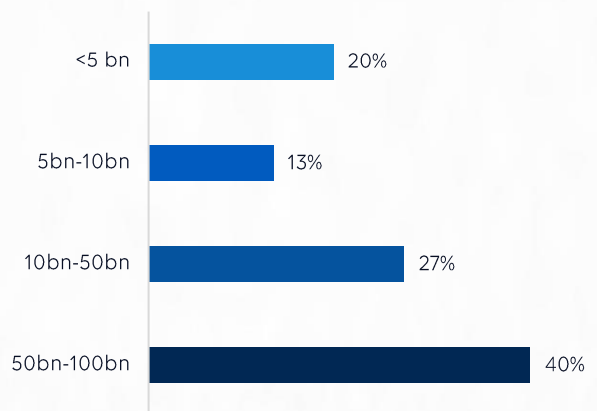
* Inception 31st July 2023

Fund Metrics

RoE	12.9%
Earnings Yield	2.8%
PE (12m Forward)	10.9x
EV/EBITDA (12m Forward)	3.6
Net Debt/EBITDA	0.4

Top 5 holdings

Al Rajhi Bank	15%
Alinma Bank	5%
SABIC	4%
Americana Restaurants	3%
Qatar Islamic Bank	2%

Sector Allocation

Country Allocation

Average Daily Value traded of Holdings (USD)

Equity Market Capitalization of Holdings (USD)

Asset Management Sales

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