

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.

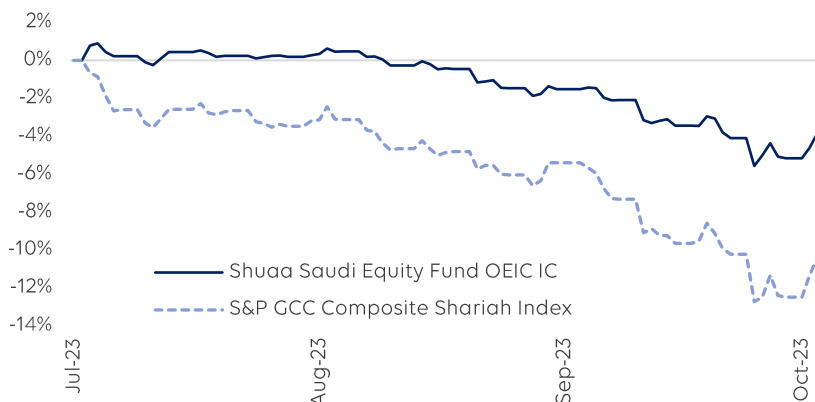
Fund Manager Commentary

Saudi Equity Fund returned -2.3% for the month of October while the S&P GCC Composite Shariah Index returned -5.3%. We have allocated 37% to Saudi equities, 12% to UAE, 4% to Qatar and 1% to Kuwait. The Fund's deliberately high cash tilt (46%), intended to offset preexisting downside risks prior to the geopolitical events that unfolded in October, proved beneficial in mitigating m/m losses.

The month of October was characterized by the resurgence of geopolitical risk as the events of Oct 7th and the ensuing Israel-Hamas war dominated regional headlines. Regional markets showed mixed response to evolving uncertainties, remaining somewhat resistant to pricing in a broader regional conflict scenario. The S&P GCC Composite Shariah Index (SPSHG) lost 5.2% over the month, recovering 2.5% from its month low on October 23rd, whereas the DFMGI posted -4.4%, SASEI -3.2%, and ADX -3.0%. Key regional markets underperformed the MSCI EM (-3.0%), and traded value fell commensurately. Foreign participants were net sellers in KSA (c.USD 700mn in October, in-line with 2020 pandemic-level selling), indicating a strong risk-off outlook, offset by domestic GRE buying (+250% m/m). Despite the net selling across GCC, YTD foreign participation in the DFM, BHB and MSM continues to exceed net buying in 2022.

Perhaps counterintuitively, Brent peaked at USD 92.4 during the month, pricing in a USD 7/barrel war premium (vs. Oct 5th), only to retrace to USD 85.8 by month end (-8% m/m). Saudi names received a sentiment boost as the FIFA 2034 World Cup was awarded to Saudi Arabia on a de facto basis. We continue to position defensively as several levers for downside risk remain in place. Valuations in KSA remain at a premium to comparable emerging markets (25%+ on fwd P/E), while geopolitical tensions may discourage foreign participation, though GCC currency pegs and select yield plays can act as safe havens in the current climate. The KSA growth story remains strongly in play, facilitated by the social and economic reforms put in place over the past few years. Going into the latter part of the year, we seek select exposure within the education, healthcare, utilities and consumer spaces. Within the financials space, we maintain our tilt towards balance sheets geared for a reversal in Fed rate policy in 2024+. With the earnings outlook firming up for the full year, we look to position for cash flow quality and balance sheet strength in Q4. Double-digit growth remains implied for mobility and discretionary consumer stocks.

In the UAE, the divergence of the DFMGI (+16.4% YTD) and the ADSMI (-6.6%), largely a product of the performance of the property sector, has begun to narrow modestly. The read across from October real estate sales numbers suggests that end-user demand is potentially softening, and this may signal an overheating market. Overall unit sales in October (+15% y/y, +12% m/m) appear optically strong, but the underlying dynamics suggest that non-resident demand is partially masking over a softening in end-user (off-plan) sales, which are down 65% y/y and 40% m/m. Cash transactions (75%) in our view continue to distort asset values and disconnect rental rates from household income levels.

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	2.3% / 1.5%
Fund Manager	Mohammad Kamal
Co Fund Manager	Aarthi Chandrasekaran
Investment Manager	SHUAA GMC Limited

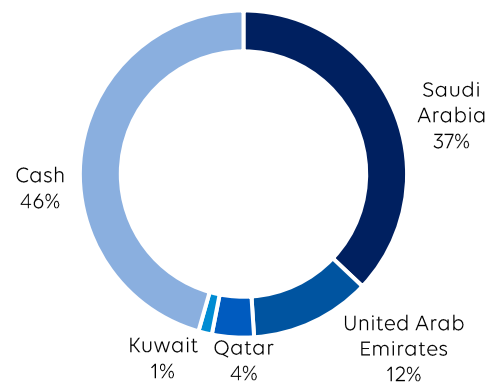
Portfolio Statistics

Fund AUM	\$42.1m
NAV per Share	96.2

Performance

Returns since Inception	-3.8%
Annualised return	Nm
Year to Date (YTD)	-3.8%*
Month to Date (MTD)	-2.3%
Sharpe ratio	Nm
Standard deviation	Nm

* Inception 31st July 2023

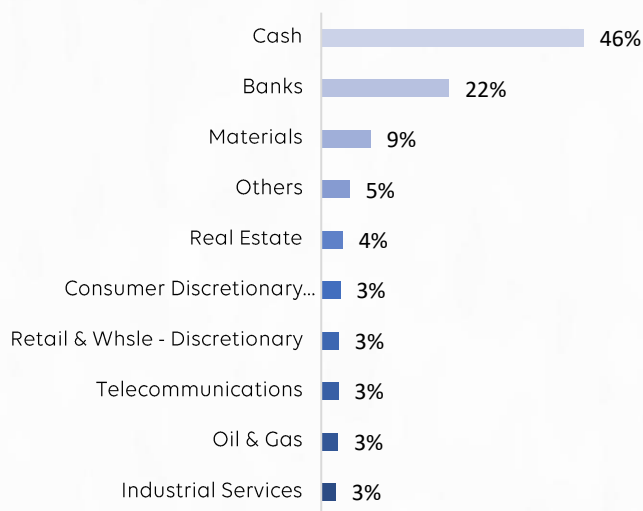
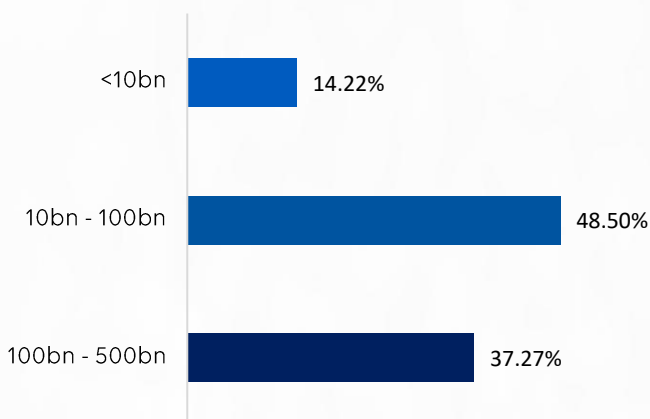
Country Allocation


Top 5 holdings (excluding cash)

Al Rajhi Bank	14.6%
Alinma Bank	4.4%
SABIC	3.6%
Americana Restaurants	3.1%
Qatar Islamic Bank	2.2%

Fund Metrics

RoE	26.9%
Earnings Yield	5.7%
PE (12m Forward)	17.7x
EV/EBITDA (12m Forward)	10.7
Net Debt/EBITDA	0.6

Sector Allocation

Equity Market Capitalization of Holdings (USD)

Top 5 Performer

Aramex	7%
Dr Sulaiman Al Habib Medical S	7%
Riyadh Cables Group Co	6%
United Electronics Co.	6%
Ades Holding Co	6%

Bottom 5 Performers

Emaar Properties	-17%
Aldrees Petroleum &Transportation Serv.	-16%
Saudi Kayan Petrochemical Company	-15%
Yamama Cement	-13%
Almarai Company	-12%

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