

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 4.9% in December, rounding off the year with gains of 5.3% since its inception in July 2023. The S&P GCC Composite Sharia Index, in comparison, returned 6.1% in December, 10.4% YTD, and 1.1% since the Fund's inception date. The Fund continued to deploy into the market rally, reducing its cash balance to 12% from 18% at the end of November.

The strong December rally in GCC equities was boosted by a recovery in flows into EM on expectations of lower US rates in 2024. KSA equities continue to trade at a premium to EM, as the domestic earnings outlook remains robust. KSA Large Caps currently trade at 16.5x fwd P/E, while SMIDs trade at 22.5x, as compared to 18.1x for the MSCI EM space. In the UAE, the DFM strongly outperformed the ADX in 2023, building on cyclical growth in key sectors (property, tourism, financials), a rotation in foreign buying interest from ADX heavyweights to Dubai growth proxies, and a resultant deleveraging at the government level.

2023 was a year characterized by seismic shifts in macroeconomic and geopolitical risks, weak commodity markets, and cyclical swings in key sectors. The next 12 months however hold further uncertainty, dictated by (i) the course that Fed rates will take, (ii) the oil outlook, (iii) the dissipation/escalation of regional war risks, and (iv) the resilience of domestic spending targets.

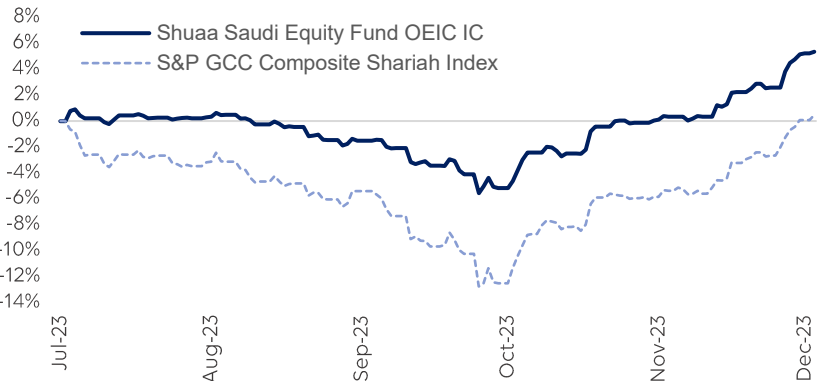
A declining rate environment favors retail banks, but the bulk of lending growth potential remains squarely in the corporate space, rendering no major KSA bank perfectly positioned. Petrochemicals continue to face weak global fundamentals in 2024, but ammonia and hydrogen energy applications and feedstock advantages can position regional producers as long-term winners. Lower rates, weaker oil, and a preexisting valuation premium will render it difficult for KSA equities to outperform broader EM in 2024.

KSA holds the strongest set of growth catalysts in MENA, via strong fiscal buffers and commitment to reforms along the Vision 2030 plan (despite implied fiscal deficits), massive project Capex being mobilized (via PIF and public entities) and continued social evolution that has driven a long-term domestic demand story. At an estimated breakeven oil price of USD 85-87/barrel, the KSA budget remains in a comfortable position vis-à-vis oil volatility in 2024. Among the strongest sectors through which to play the KSA urban development theme is via the utilities space, in our view. Beyond the key capacity growth themes in power generation and water, sizeable renewable energy projects should gather pace in 2024. Furthermore, shifts in the US yield curves imply potentially lower project costs and tariffs for utility projects. KSA's listed utilities sector has improved in depth, allowing for select exposure to key provinces or subsectors.

Qatar's post-FIFA World Cup year was disappointing, with the QSI closing -0.9% by year-end. Valuations are however undemanding on aggregate, but discounts to MENA can be accepted on the absence of meaningful growth catalysts for corporate earnings in 2024. The outlook for lending growth among Qatari banks remains weak in 2024.

Going forward, we aim to deploy the remaining cash in quality cash generating names, coupled with a rotational tilt into sustainable yield plays in select sectors.

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	63
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

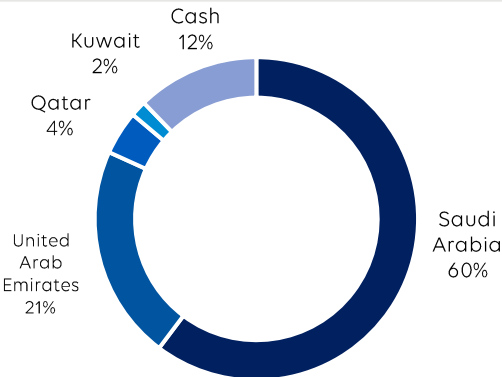
Fund AUM	\$46.0m
NAV per Share	105.3

Performance

Returns since Inception	5.3%
Annualised return	Nm
Year to Date (YTD)	5.3%*
Month to Date (MTD)	4.9%
Sharpe ratio	Nm
Standard deviation	Nm

\* Inception 31<sup>st</sup> July 2023

Country Allocation



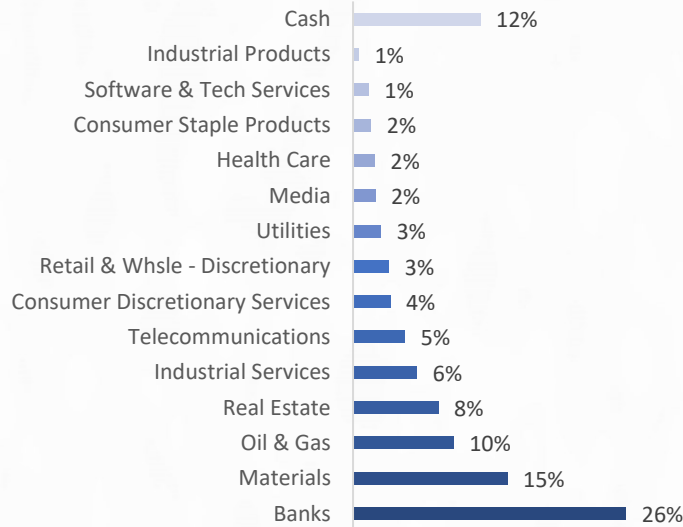
### Top 5 holdings (excluding cash)

Al-Rajhi Bank	19.6%
Alinma Bank	5.4%
Saudi Telecom Company	4.1%
SABIC	4.1%
Saudi Arabian Oil Co	4.0%

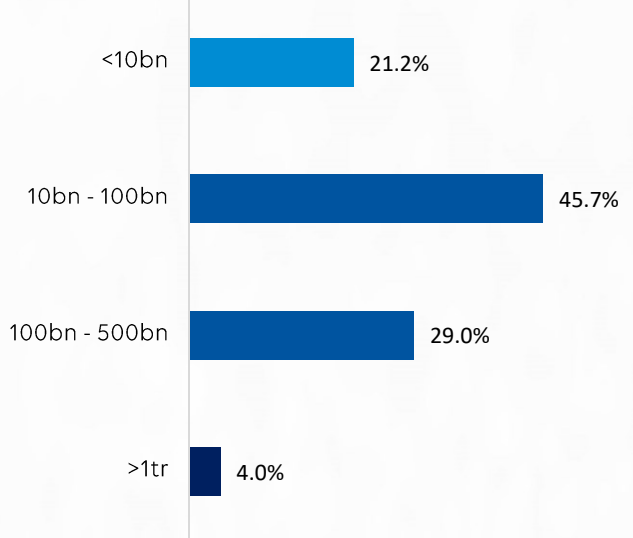
### Fund Metrics

RoE	23.5%
Earnings Yield	5.9%
PE (12m Forward)	17.0x
EV/EBITDA (12m Forward)	30.9
Net Debt/EBITDA	1.5

### Sector Allocation



### Equity Market Capitalization of Holdings (USD)



### Top 5 Performer

Aldrees Petroleum &Transportation Serv.	37.3%
Arabian Contracting Services C	30.1%
ALKHORAYEF WATER AND POWER TEC	23.5%
National Medical Care Company	23.0%
Saudi Ground Services Co	18.5%

### Bottom 5 Performers

Americana Restaurants International	-7.1%
Aldar Properties	-6.5%
FERTIGLOBE PLC	-6.3%
Adnoc Gas PLC	-5.8%
Jahez International Co	-5.5%

### Asset Management Sales

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