

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

The Fund returned -1.6% in January, while the S&P GCC Composite Sharia Index in comparison returned -1.4%. The Fund's relative underperformance is attributable to (i) its underweight position in KSA (TASI -0.01%), where geopolitical risks continued to be discounted throughout the month, and a new year rally throughout Jan 15th that pushed valuations into demanding territory, (ii) the Fund's c.10% cash positioning, offsetting MTD gains. (iii) The fund's OW positions in off-benchmark names added some uncorrelated losses to the month's performance.

Oil markets reversed their end of year declines in January (USD 82/bbl vs USD 77/bbl at end-Dec), averaging USD 79/bbl. In addition to continued geopolitical tensions in the region and disruptions to Red Sea-reliant supply chains, oil price remained affected by Fed rate expectations and demand overhangs. A drone attack in Jordan added to worries over supply disruptions, compounding existing concerns over interruptions to Russian refined product exports.

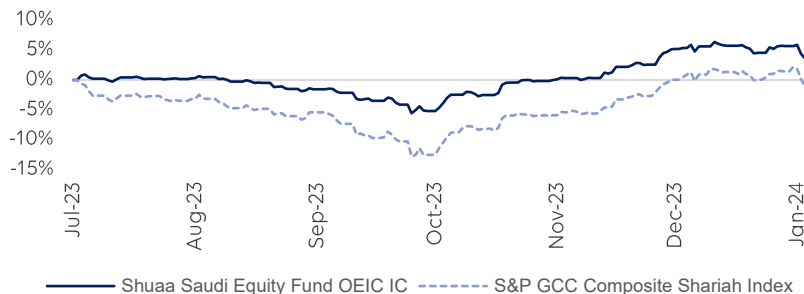
Macro data began trickling in throughout the month, with KSA headline PMI arriving at its lowest in 2 years (55.4, down from 57.5 in December), suggesting that the private sector/non-oil economy remains on strong footing, though marginally weaker on a sequential basis, and that inflationary pressures resulting from robust demand and supply chain risks drove up purchasing costs significantly. With competitive pressures curtailing end-product price growth, margins appear under pressure, thereby quelling optimism for the year ahead. UAE PMI also retraced to 56.6 from 57.4 in December 2023, despite an overall expansion in the private sector underpinned by population growth. The UAE relaxed its investment requirements for those seeking golden visas (long term residencies) through real estate investment schemes, in a bid to attract and retain human and financial capital.

UAE banks reported strong earning for 2023, with DIB and ADCB posting strong volumes and margins, and lower than expected provisioning. DIB supplemented its figures with a surprise dividend payout increase, which in turn catalyzed an upward rerating in the stock. We continue to scrutinize dividend sustainability in the run up to corporate tax implementation this year. ENBD reported a small consensus miss to EPS, on a softening in non-NII and higher provisions, but mostly maintained its guidance for 2024e with an improved NPL outlook and mid-single digit loan growth. ENBD also delivered a significant DPS uplift, though at a more sustainable payout level (36%) compared to DIB's.

January also saw the first of the 2024 batch of IPOs, via the 139x oversubscribed Avalon pharma offering, which closed at a final offering price of SAR 82 (market cap SAR 1.6bn/USD 437mn at listing), highlighting the latent liquidity of the KSA market.

We monitor this earnings season for several key positions in the fund, including Americana (store yields in the current geopolitical environment), Jazeera Airways (PAX yields and regulatory catalysts), and Emaar Development (dividend potential). We continue to position for cash flow quality, value, and secular/defensive earnings characteristics.

Fund Returns Since Inception



Return Statistics

	MTD	3M	6M	YoY	YTD	Inception
SHUAA SAUDI Equity Fund	-1.6%	7.7%	2.8%	N/A	-1.6%	3.6%
S&P GCC Composite Shariah Index	-1.4%	10.5%	-0.3%	N/A	-1.4%	-0.9%

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	72
Subscriptions/Fees	Daily / 0%
Redemptions/Fees	Daily / 0%
Leverage	0%
TER /Management Fee	2.5% / 1.5%
Fund Manager	Mohammad Kamal
Co Fund Manager	Aarthi Chandrasekaran
Investment Manager	SHUAA GMC Limited

Portfolio Statistics

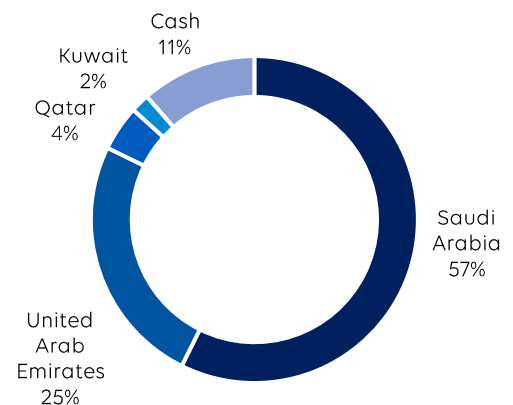
Fund AUM	\$44.0m
NAV per Share	103.6

Performance

Annualised return	7.2%
Sharpe ratio	0.4
Standard deviation	7.1%
2023 Return*	5.3%*

* Inception 31st July 2023

Country Allocation

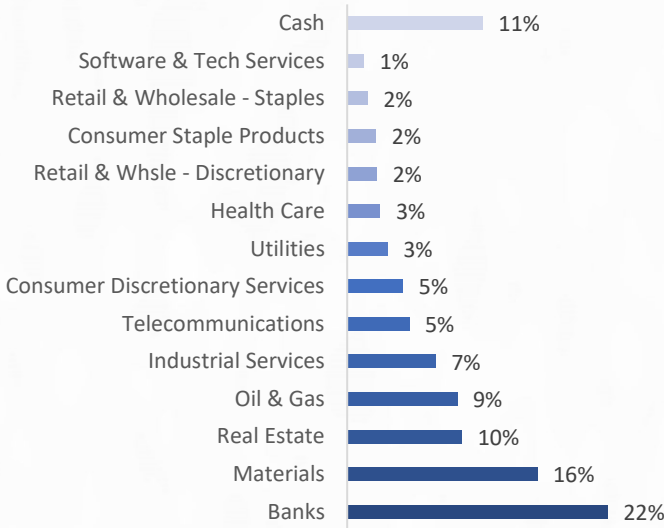
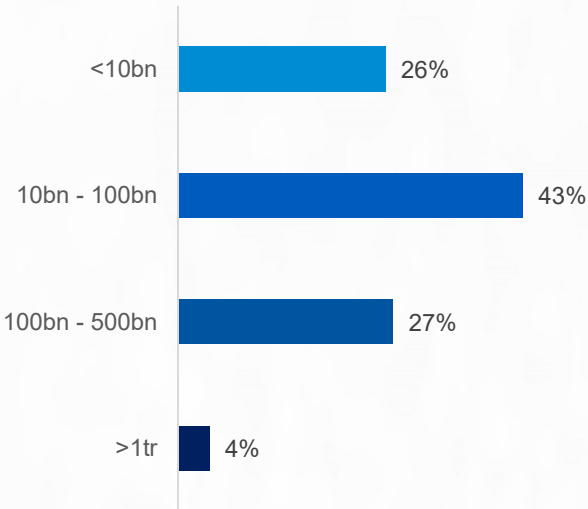


Top 5 holdings (excluding cash)

Al-Rajhi Bank	16.2%
Saudi Telecom Company	4.3%
Alinma Bank	4.3%
SABIC	3.9%
Americana Restaurants International	3.9%

Fund Metrics

RoE	25.1%
Earnings Yield	6.0%
PE (12m Forward)	16.6x
EV/EBITDA (12m Forward)	33.7
Net Debt/EBITDA	1.6

Sector Allocation

Equity Market Capitalization of Holdings (USD)

Top 5 Performer

Almunajem Foods Co	16.8%
Catrion Catering Holding Co	15.5%
Salik Co PJSC	11.6%
Jahez International Co	11.2%
AlKhorayef Water & Power Technologies	11.1%

Bottom 5 Performers

Jazeera Airways Co KSCP	-18.0%
Saudi Kayan Petrochemical Co	-16.2%
City Cement Co	-15.1%
AL Yah Satellite Communication	-11.9%
Yamama Cement Co	-11.0%

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