

Investment objective

Global Sukuk Fund is invested in global sukuk, Murabaha and Ijarah instruments. Our strategy is to maximize return on investment by minimizing risk and managing interest rates.

Fund Manager Commentary

Our SHUAA Global Sukuk fund was up 0.4% in June 2024, (versus Dow Jones Sukuk TR Index of 0.8%) resulting in YTD performance of 1.1% (versus 0.6% benchmark).

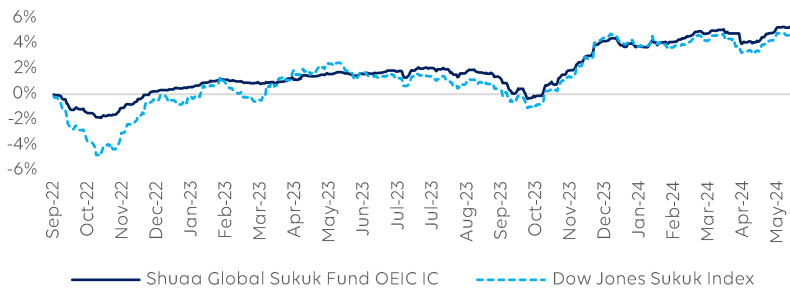
U.S. Treasury yields finished the month on an upward trend over the final three days, erasing much of the gains seen in June. The 10-year yield closed 15 basis points higher at 4.40%, while the 2-year yield saw a more modest increase of 2 basis points, reaching 4.76%. PCE inflation, which is the Federal Reserve's preferred measure, met expectations with overall prices remaining unchanged in May and a slight 0.1% rise in core prices. This resulted in both headline and core inflation rates for the year falling to 2.6%, representing a new low point in the current economic cycle for core inflation.

In June, the IG Corporate spreads widened in June and closed at +94, reversing partially the year-to-date tightening (resulting in -5 basis points YTD) while high yield spreads saw minimal movement in June, resulting in a year-to-date tightening of -14 basis points, indicating a strong appetite among investors for lower-quality credit. As we reach the halfway mark of the year, the total issuance of investment-grade bonds has surged by 23% compared to the previous year, and forecasts for full-year issuance are being revised upwards. Nevertheless, demand remains strong, as evidenced by last week's deals being oversubscribed by an average of 3x. The global Agg Index was up 0.3% in June driven by High Yield (+0.4%) while investment grade was up (+0.3%) as well. Regionally, Qatar(+1.7%), followed by UAE (+1.3%), and Saudi (+1.1%) outperformed during this period.

Looking ahead to the second half of 2024, the market's expectations regarding the Federal Reserve are set to be the primary influence on Treasury yields. Our forecast anticipates a 25 basis point cut in end of Q3 and Q4-24, reflecting growing confidence that the Fed will have the flexibility to ease policy for several reasons. First, after a 3% annual increase in the second half of 2023, consumption growth has moderated, with real consumer spending now advancing closer to 2% in the first half of 2024. Second, job openings have notably declined in early 2024, reaching their lowest levels since early 2021, suggesting ongoing adjustments in the labor market. Third, other labor market indicators, such as the four-week average of initial jobless claims, have shown a steady increase over the past two months, nearing levels last observed in the previous autumn, indicating some softening in labor market conditions.

Given these factors, we advocate for a long-duration approach as we enter the second half of 2024, particularly favoring duration when yields approach the upper bounds of recent ranges. However, we remain attentive to incoming data that could suggest a need for the Fed to adopt a more aggressive rate reduction strategy than currently anticipated, with particular focus on trends in initial jobless claims for broader signals of labor market weakness.

Relative Performance



Return Statistics

	MTD	3M	6M	YoY	YTD	Inception
SHUAA Global Sukuk Fund OEIC IC	0.4%	0.5%	1.1%	3.7%	1.1%	5.6%
Dow Jones Sukuk TR Index	0.8%	0.6%	0.6%	4.1%	0.6%	5.4%

Fund Facts

Inception Date	Sep 2022
Domicile	Abu Dhabi Global Markets
Fund Currency	USD
Asset Class	Sukuk
Geography	Global
ISIN	AE0000A2QB2B9
Number of Holdings	52
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

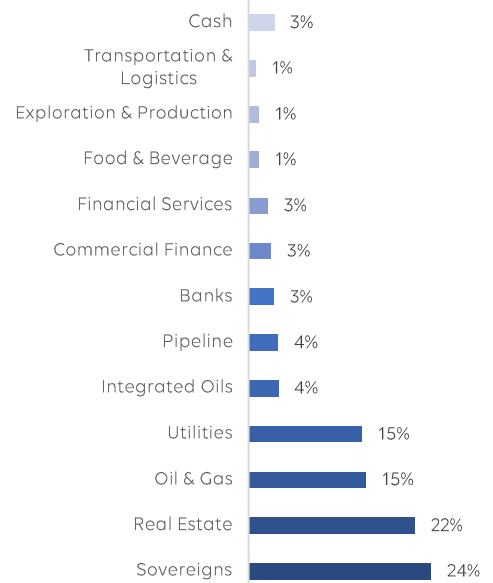
Portfolio Statistics

Fund AUM	\$128.1m
NAV per Share	105.6
Dividend per Share	0

Performance

Annualised return	3.1%
Sharpe ratio	-1.0
Tracking error	1.8%
2023 returns	4.0%

Sector Allocation



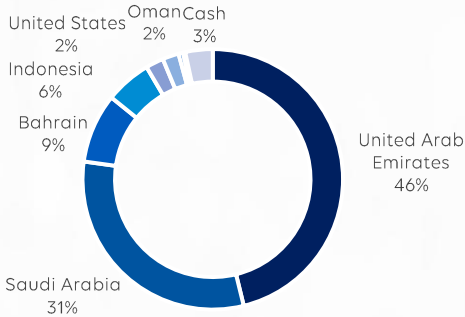
Fund Metrics (Sukuk)

Yield to Maturity	9.2%
Avg. Yearly Coupon (%)	6.0%
Avg. Credit Rating	BB+
Avg. Maturity (Years)	6.7
Avg. Duration (Years)	4.7

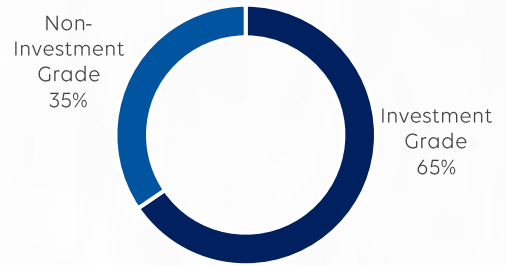
Top 5 Holdings (Excluding cash)

Murabaha Mezz Shine	16.0%
TFGSUK 10.50 08/07/24 C	9.3%
Saudi Electricity Global 5.06% 04/08/204	6.1%
INDOIS 4.7 06/06/32 Corp	5.6%
KSA 4.511 05/22/33 Govt	5.4%

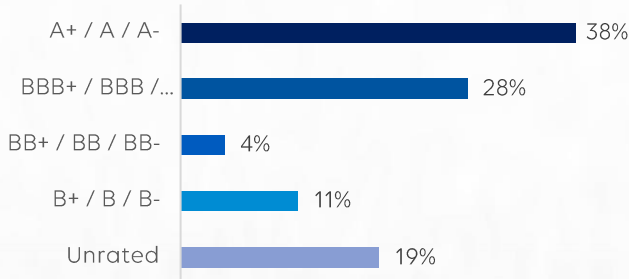
Country Allocation



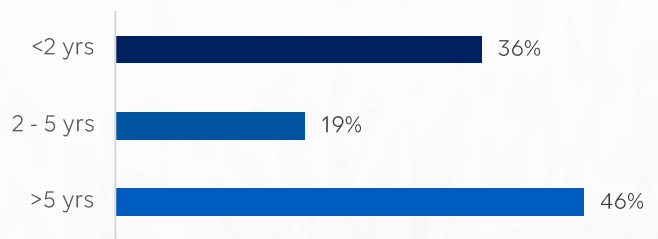
Sukuk Credit Rating



Sukuk Credit Rating Breakdown



Sukuk Duration



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