

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

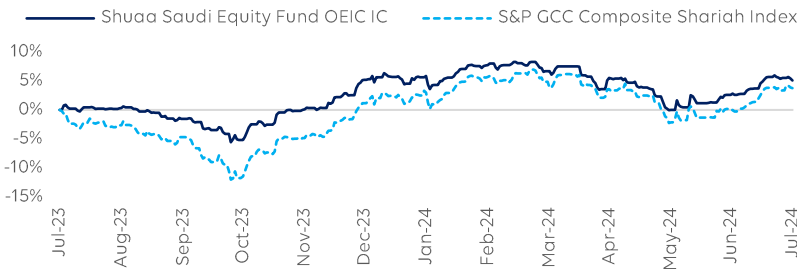
The benchmark SPSHGT gained 3.8% in July, as GCC markets had a disproportionately strong month in seasonal terms, led by the DFM (+6.7%) the KWSE (+4.2%), and ADX (+3.7%). The Fund gained 2.4%, in part due to an avoidance of expensive large caps (ACWA AB, MAADEN AB) that posted significant moves during the month. Recent Fed remarks on easing inflation drove a growing consensus that rate cuts are imminent as early as September, while global markets contended with a concurrence of the largest global IT outage in history (CrowdStrike) and the withdrawal of President Joe Biden from upcoming US elections during the month. Regional markets remained unphased, with flows notable in the ADNOC stable of companies, banks and real estate. The Fund remains constructive on the full-year earnings picture in the UAE, underpinned by a robust macro backdrop, despite the fact that valuations (backed by negative technical signals in key names) suggest a window for reducing exposure. The Fund remains 7.0% underweight KSA, with allocations concentrated in select sectors.

Q2 earnings so far have produced a mixed bag, with full-year indicators strongest within the property sector, as ALDAR, EMAAR and RETAL all continue to strong sales activity and improving occupancy levels. This has been supported by recent news flow regarding homeownership trends in KSA (65%), economic growth (Dubai GDP +3.2% Q1 24), despite a modest q/q drop in average realized selling prices. At the other end of the spectrum, KSA chemicals, by virtue of feedstock exposure (declining costs) and cycle position, produced some positive surprises (though in the context of global sector dynamics, we do not yet see an earnings bottom). Fertilizer plays should produce a broad recovery in margins in Q2/Q3, given the bottoming out of urea prices in May.

GCC banks have benefitted from a pickup in credit activity in Kuwait and the UAE, while a scenario of modest rate cuts in H2 should mitigate any significant regression in NIMs. ADIB produced robust balance sheet growth, signaling that earnings momentum should be a positive outlier in H2. The momentum in KSA construction awards YTD, which is on track to match the record high activity of 2023 (USD 100bn+), may finally deliver the broad palette of growth across materials producers that have suffered from persistent inventory overhangs and feedstock cost escalations.

The Fund will seek to reduce UAE exposure given the unlocking of value in our key calls, and likely rotate further into overlooked secular/defensive names. Our UW position in KSA has been reduced via increased property exposure. The Fund seeks select exposure in Kuwait given recent catalysts (reform, project spending).

Fund Returns Since Inception



Performance Fees of 15% charged since inception until June 2024

Return Statistics

	MTD	3M	6M	YoY	YTD	Inception
SHUAA SAUDI Equity Fund	2.4%	-0.4%	1.4%	4.3%	-0.2%	5.1%
S&P GCC Composite Shariah Total Return Index	3.8%	0.1%	3.6%	4.5%	2.2%	3.8%

Fund Facts

Inception Date	July 2023
Domicile	Abu Dhabi Global Markets
Fund Currency	USD/SAR/AED
Asset Class	Sharia compliant Equities
Geography	GCC
ISIN	AE000A3CSWU8
Number of Holdings	50
Subscriptions/Fees	Daily / 0%
Redemptions/Fees	Daily / 0%
Leverage	0%
TER /Mgmt Fee	2.1% / 1.5%
Performance Fee	Zero
Fund Manager	Mohammad Kamal
Co Fund Manager	Aarathi Chandrasekaran
Investment Manager	SHUAA GMC Limited

Portfolio Statistics

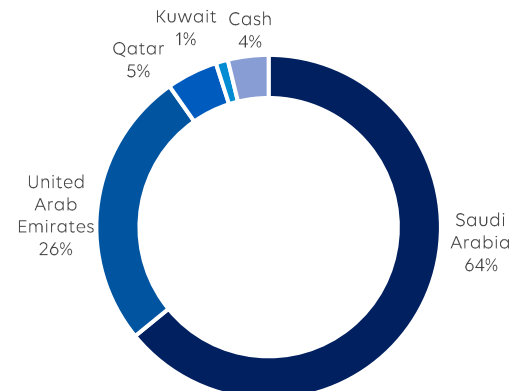
Fund AUM	\$42.0m
NAV per Share	105.1

Performance

Annualised return	5.0%
Sharpe ratio	0.2
Standard deviation	6.1%
2023 Return*	5.3%*

* Inception 31st July 2023

Country Allocation

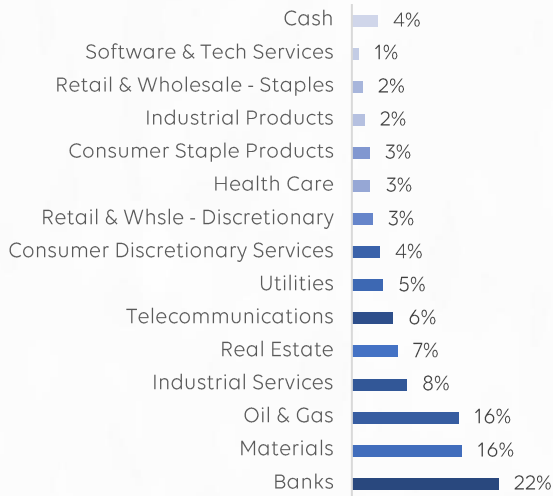
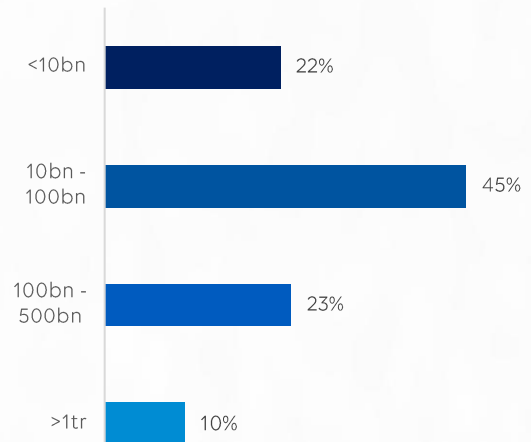


Top 5 holdings (excluding cash)

Al-Rajhi Bank	11.2%
Saudi Arabian Oil Co	10.0%
Saudi Telecom Company	5.4%
Alinma Bank	5.1%
SABIC	3.8%

Fund Metrics

RoE	22.4%
Earnings Yield	6.5%
PE (12m Forward)	15.5x
EV/EBITDA (12m Forward)	10.1x
Net Debt/EBITDA	0.8x

Sector Allocation

Equity Market Capitalization of Holdings (USD)

Top 5 Performers

Aldar Properties	18.1%
EMIRATES CENTRAL COOLING SYS	13.0%
ADNOC Logistics & Services	12.2%
Retal Urban Develoment Co	11.0%
DEWA UH Equity	8.2%

Bottom 5 Performers

City Cement Co	-9.1%
Al Masane Al Kobra Mining Co	-6.9%
Aldrees Petroleum &Transportation Serv.	-6.3%
Al Hassan Ghazi Ibrahim Shaker Company	-4.4%
First Milling Co	-4.2%

Asset Management Sales

Omar Danish
 +971 4 330 3600
 Amsales@shuaa.com

Address

SHUAA GMC Limited
 Al Khatem Tower, Floor 32
 ADGM Square, Al Maryah Island
 P.O. Box 764606, Abu Dhabi, UAE

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