

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 1.5% in August 2024, (versus Dow Jones Sukuk TR Index of 2.0%) resulting in YTD performance of 3.8% (versus the benchmark of 4.0%).

August was a favorable month for fixed income investors, marked by notable market movements and shifting investor sentiment. The month began with July's nonfarm payrolls report, which was significantly weaker than anticipated. This report not only fell short of expectations but also came with substantial downward revisions to previous months' data, amplifying investor concerns. Despite these worries, inflation metrics appeared sticky, although progressed as per the expected trend line: the Consumer Price Index (CPI) rose by 2.9% year-over-year in July, while the core Personal Consumption Expenditures (PCE) index, the Federal Reserve's preferred inflation gauge, saw a more modest increase of 2.6%.

Credit spreads displayed heightened volatility, prompting a migration toward higher-quality assets. Concurrently, persistent economic uncertainties led investors to speculate on more substantial rate cuts by major central banks. The annual Jackson Hole economic symposium further influenced market dynamics, with Fed Chair Jerome Powell hinting at a likely rate cut in September. Powell's comments, which underscored ongoing labor market weakness and progress in controlling inflation, contributed to a decline in Treasury yields across the curve. August saw the issuance of over \$108 billion in new investment-grade bonds and \$18 billion in high-yield deals, making it the most active August for high-yield issuance since 2021.

Investment-grade credit spreads initially widened by 18 basis points to 111bps during the first week of the month but later tightened to 93bps, while yields fell by 20 basis points to 4.94%. High-yield spreads saw a peak at 381bps before narrowing by 9 basis points to 305bps by month-end. Yields in the high-yield sector dropped by 29 basis points to 7.30%, marking their lowest level in 26 months. In this environment, the Bloomberg Global Aggregate Credit Index posted a solid 2.0% return in August, a shift toward higher-quality assets significantly benefited global investment-grade bonds, which closed the month with a 2.4% return, making them the top-performing sector. Conversely, high-yield bonds trailed behind, with returns of 2.2%. Regionally, Saudi (+2.8%), followed by Qatar (+2.7%), and UAE (+2.5%) outperformed during this period.

Despite strong performance in high yield bonds this year, we maintain a neutral outlook on this asset class, anticipating potentially more favorable entry points in the future. Currently, the average spread of the Bloomberg US Corporate High-Yield Bond Index stands at 3.1%, which is close to its cyclical low and significantly below its historical average of nearly 5%. Given these compressed spreads, we believe that investors are not being adequately compensated for the substantial risks associated with high-yield bonds at this time. We favor the belly of the curve and will maintain our position in investment-grade credit.

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 / Mgmt Fee	1.2% / 1.0%
Performance Fee	Zero
Fund Manager	Aarthi Chandrasekaran
Investment Manager	SHUAA GMC Limited

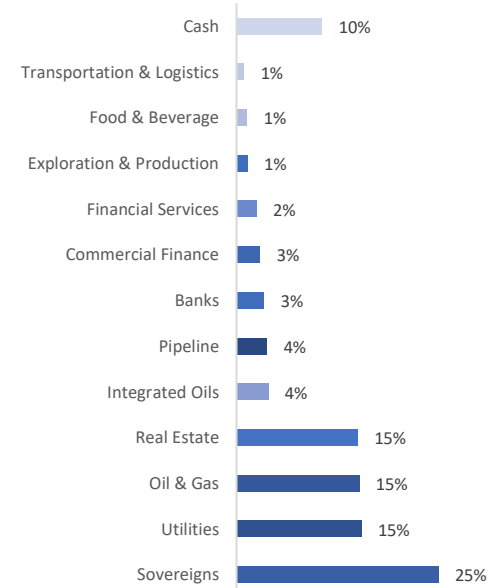
Portfolio Statistics

Fund AUM	\$131.3m
NAV per Share	108.4
Dividend per Share	0

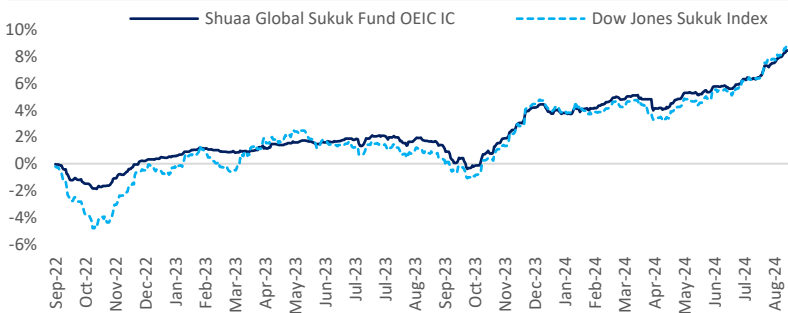
Performance

Annualised return	4.2%
Sharpe ratio	0.2
Tracking error	1.8%
2023 returns	4.0%

Sector Allocation



Relative Performance



*Performance Fees of 20% charged since inception until June 2024

Return Statistics

	MTD	3M	6M	YoY	YTD	Inception
SHUAA Global Sukuk Fund OEIC IC	1.5%	3.1%	3.8%	6.4%	3.8%	8.4%
Dow Jones Sukuk TR Index	2.0%	4.1%	4.7%	7.6%	4.0%	8.9%

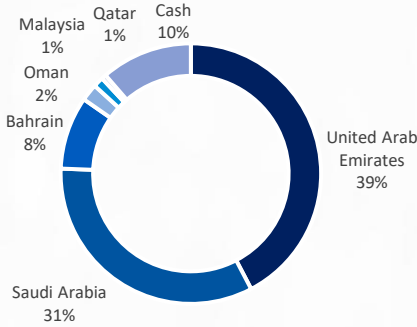
Fund Metrics (Sukuk)

Yield to Maturity	5.9%
Avg. Yearly Coupon (%)	5.8%
Avg. Credit Rating	BBB-
Avg. Maturity (Years)	7.5
Avg. Duration (Years)	5.4

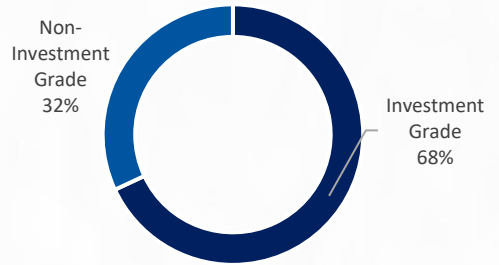
Top 5 Holdings (Excluding cash)

Murabaha Mezz Shine	16.7%
Saudi Electricity Global 5.06% 04/08/204	6.5%
TFGSUK 10.50 08/07/24 C	6.2%
INDOIS 4.7 06/06/32 Corp	6.1%
KSA 4.511 05/22/33 Govt	5.8%

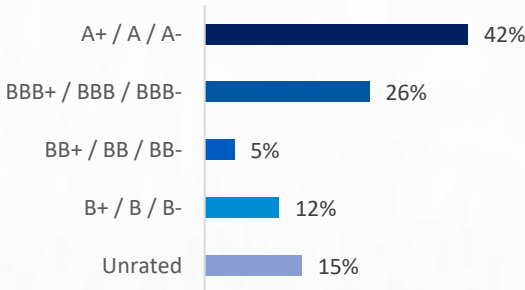
Country Allocation



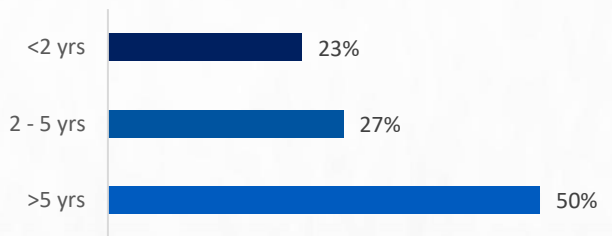
Sukuk Credit Rating



Sukuk Credit Rating Breakdown



Sukuk Duration



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