

Investment objective

Global Sukuk Fund, a Sub-Fund of SHUAA Funds OEIC ICC Limited, 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

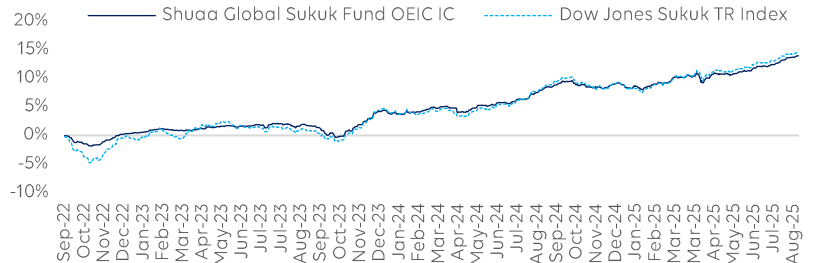
Our SHUAA Global Sukuk fund was up 1.1% in August 2025, (versus 1.0% change in Dow Jones Sukuk TR Index) resulting in YTD performance of 4.8% (versus the benchmark of 5.7%).

U.S. Treasury yields peaked early in August before retracing mid-month, driven by shifting macro signals and a dovish tilt from the Federal Reserve. By month-end, the 10-year yield stabilized around 4.23%, while the 2-year fell to 3.59%, meanwhile 30-year yield, showed modest volatility—slipping mid-month before rebounding. Markets took their cue from Fed Chair Jay Powell’s Jackson Hole remarks, acknowledging a shift in the balance of risks following softer July inflation and downward employment revisions. The speech fueled expectations of a September rate cut, with markets also pricing in a slightly lower terminal rate. As a result, the yield curve steepened—short-term yields fell on dovish Fed bets, while longer-dated Treasuries faced upward pressure amid rising concerns about the Fed’s independence, fiscal dynamics and higher inflation expectations

Credit markets extended their summer rally. Investment-grade (IG) spreads compressed to 0.78%, revisiting levels last seen in the late 1990s, as investor risk appetite surged. IG bond funds absorbed \$11.6 billion in inflows during the first week of August, marking the strongest weekly inflow since 2020. High-yield (HY) spreads also tightened sharply, with the ICE BofA HY Index OAS narrowing to 2.95%, a level not seen since before the Global Financial Crisis. Performance reflected that bullish sentiment: Bloomberg’s Global Aggregate HY Index and Global IG Index returned 1.5% for the month. Regionally, HY sovereigns such as Egypt (+2.2%), Turkey (+1.8%), and Bahrain (+1.4%) outperformed.

We view that while fundamentals remain broadly supportive—bolstered by healthy corporate balance sheets and better-than-expected second quarter earnings—valuations appear stretched, with limited room for further upside and asymmetric downside risk if economic conditions deteriorate. We continue to favor high-quality IG names and short-duration HY credits with visible cash flow. On the duration front, long-end yields may push higher—particularly if inflation surprises to the upside. While the Fed appears inclined to ease to support the labor market, persistent inflation may force a pause. Notably, the U.S. Treasury has already adjusted its issuance strategy, favoring front-end supply while buying back longer maturities—a clear signal of discomfort with rising long-end rates. If inflation expectations rise—potentially driven by tariffs or supply-side constraints—the curve could steepen further. That said, with Chair Powell’s term nearing its end and growing expectations that his successor may lean dovish, markets could still favor an easing cycle. In this context, without reaching too far out on the curve, we see value in the 7-year tenor, which offers a compelling balance of yield and duration as investors may begin rotating out of short-dated debt once the easing cycle takes hold.

Net Total Returns Since Inception (Fund vs. Benchmark)



*Performance Fees of 20% charged since inception until June 2024. Past performance is not necessarily indicative of future results.

Net Total Return Statistics (Fund vs. Benchmark)

	MTD	3M	6M	YoY	YTD	Inception
SHUAA Global Sukuk Fund OEIC IC	1.1%	2.8%	3.4%	5.0%	4.8%	13.9%
Dow Jones Sukuk TR Index	1.0%	2.7%	4.0%	5.1%	5.7%	14.4%

Fund Facts

Inception Date	Sep 2022
Domicile	Abu Dhabi Global Markets
Fund Currency	USD
Asset Class	Sukuk
Geography	Global
ISIN	AE000A2QB2B9
Number of Holdings	66
Subscriptions/Fees	Daily / 0%
Redemptions/Fees	Daily / 0%
Leverage	0%
TER / Mgmt Fee	1.1% / 1.0%
Performance Fee	Zero
Fund Manager	Aarthi Chandrasekaran
Investment Manager	SHUAA GMC Limited

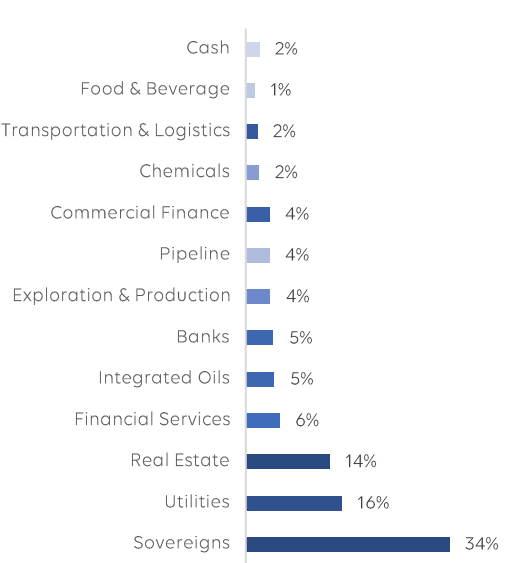
Portfolio Statistics

Fund AUM	\$ 104.1mn
NAV per Share	113.9
Dividend per Share	0

Performance (Net of all fees & expenses)

Annualised return	4.5%
Sharpe ratio	0.4
Tracking error	1.7%
2024 returns	4.0%

Sector Allocation (% of Portfolio)



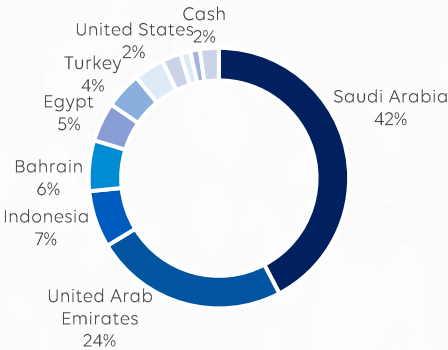
Fund Metrics (Sukuk)

Yield to Maturity	5.4%
Avg. Yearly Coupon (%)	5.8%
Avg. Credit Rating	BBB
Avg. Maturity (Years)	7.1
Avg. Duration (Years)	5.2

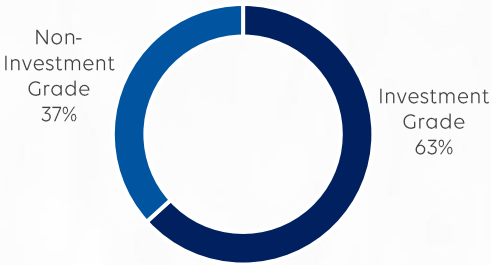
Top 5 Holdings (Excluding cash)

INDOIS 4.7 06/06/32 Corp	6.9%
SECO 5.684 04/11/53 Corp	6.4%
KSA 4.511 05/22/33 Govt	6.2%
SECO 5.06 04/08/43 Corp	5.6%
KSA 5.268 10/25/28 Corp	5.2%

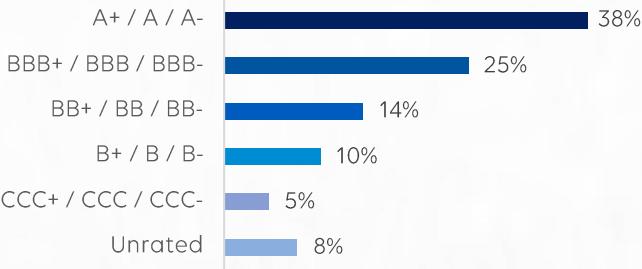
Country Allocation (% of Portfolio)



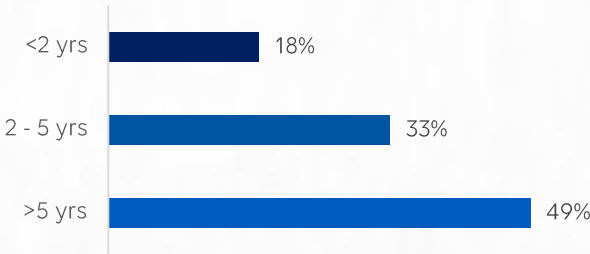
Sukuk Credit Rating (% of Portfolio)



Sukuk Credit Rating Breakdown



Sukuk Duration



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