Investment objective

Global Sukuk Fund, a Sub-Fund of SHUAA Funds OEIC ICC, invests in global sukuk, Murabaha, and Ijarah instruments to maximize returns while minimizing risk. It aims for income and capital appreciation by holding a diversified portfolio of Shari'a-compliant fixed income investments.

Fund Manager Commentary

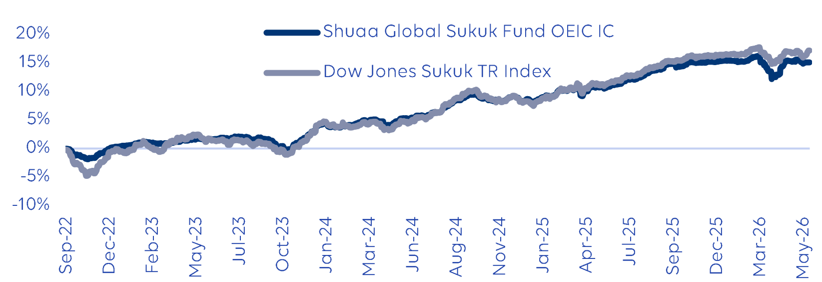
Global fixed income markets came under renewed pressure in May, as investors reassessed the outlook for monetary policy against a backdrop of persistent inflation concerns, elevated fiscal deficits, and ongoing geopolitical uncertainty. Rather than extending expectations for near-term easing, markets began to price in the risk that policy may need to remain restrictive for longer, with parts of the curve also reflecting the possibility of further tightening. As a result, both rates and credit markets were driven less by hopes of imminent cuts and more by inflation, fiscal credibility, and term-premium dynamics.

U.S. Treasury yields moved higher in May, with both the front end and long end repricing upward as investors shifted away from expectations of near-term easing and began to price in the risk of further tightening. The move was driven by persistent inflation concerns, elevated fiscal deficits, and rising term premia, while the ongoing Middle East conflict continued to feed into inflation expectations through the energy channel. The 2-year yield rose as markets reassessed the Fed path, while the 10-year also moved higher on fiscal supply and inflation risk, leaving the curve higher overall and flatter in shape.

Credit markets continued to perform well, supported by healthy corporate fundamentals and strong demand for income-generating assets. Investment-grade spreads remained stable, while high-yield credit benefited from continued investor appetite for carry. Within the sukuk market, strong regional liquidity, limited net issuance, and robust demand for GCC sovereign and quasi-sovereign issuers continued to provide technical support to the asset class.

Against this backdrop, we maintained a neutral duration stance, focusing primarily on the 2–4 year segment of the curve, where the balance between income and interest-rate risk remains most attractive. We continue to prioritize high-quality investment-grade issuers to lock in compelling carry, while selectively allocating high-yield opportunities where compensation remains attractive. While we remain patient on duration given persistent fiscal pressures and elevated term premia, a normalization of Strait of Hormuz flows and lower oil prices should help inflation moderate and bring the rate-easing discussion back to the table in 4Q. This could create an opportunity to extend duration more meaningfully if long-end yields remain attractive.

Net Total Returns Since Inception (Fund vs. Benchmark)



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	-0.1%	-1.0%	-0.1%	3.8%	-0.2%	15.1%
Dow Jones Sukuk TR Index	-0.3%	-1.1%	0.1%	4.4%	-0.1%	16.4%

Fund Facts

Inception Date	Sep 2022
Domicile	Abu Dhabi Global Markets
Fund Currency	USD
Asset Class	Sukuk
Geography	Global
ISIN	AE000A2QB2B9
Number of Holdings	61
Subscriptions/Fees	Daily / 0%
Redemptions/Fees	Daily / 0%
Leverage	0%
TER / Mgmt Fee	1.2% / 1.0%
Performance Fee	20% since inception until June 2024
Fund Manager	Aarthi Chandrasekaran
Investment Manager	SHUAA GMC Limited

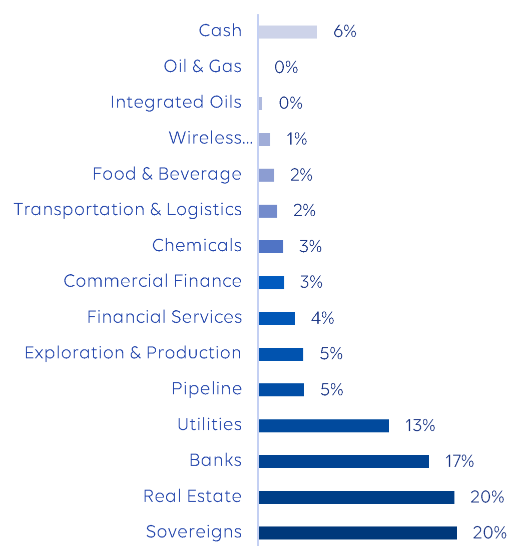
Portfolio Statistics

Fund AUM	$ 90.4mn
NAV per Share	115.1

Performance (Net of fees & expenses)

Annualised return	3.9%
Sharpe ratio	-0.2
Tracking error	1.7%
2025 returns	6.2%

Sector Allocation (% of Portfolio)



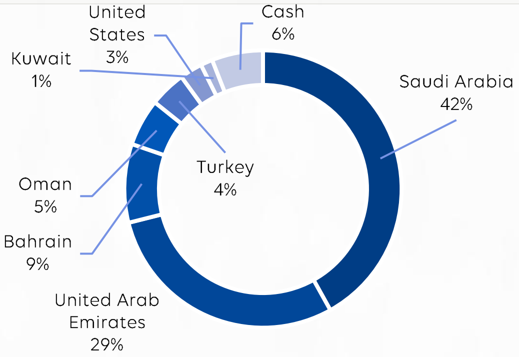
Fund Metrics (Sukuk)

Yield to Maturity	6.2%
Avg. Yearly Coupon (%)	6.1%
Avg. Credit Rating	BBB-
Avg. Maturity (Years)	6.1
Avg. Duration (Years)	4.6

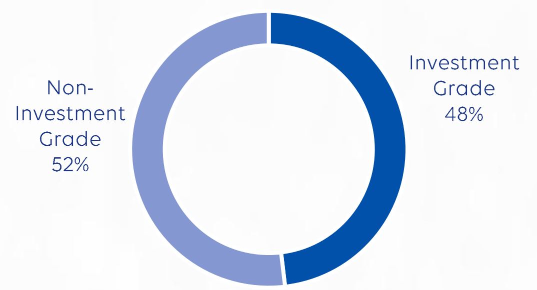
Top 5 Holdings (Excluding cash)

SHARSK 6.092 03/19/34 Govt	7.3%
SECO 5.684 04/11/53 Corp	5.6%
GRPIBI 5.78 08/23/32 Corp	4.9%
SECO 5.06 04/08/43 Corp	4.8%
OMNIYT 8 3/8 05/06/28 Corp	3.7%

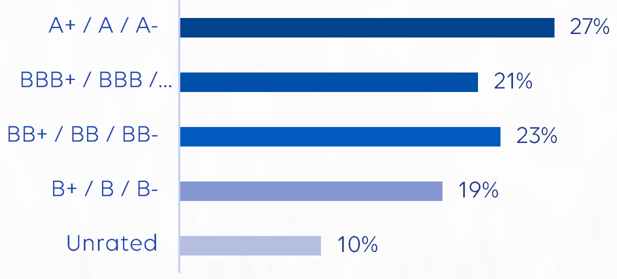
Country Allocation (% of Portfolio)



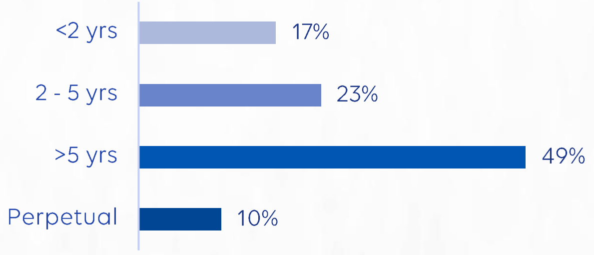
Sukuk Credit Rating (% of Portfolio)



Sukuk Credit Rating Breakdown



Sukuk Duration



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