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

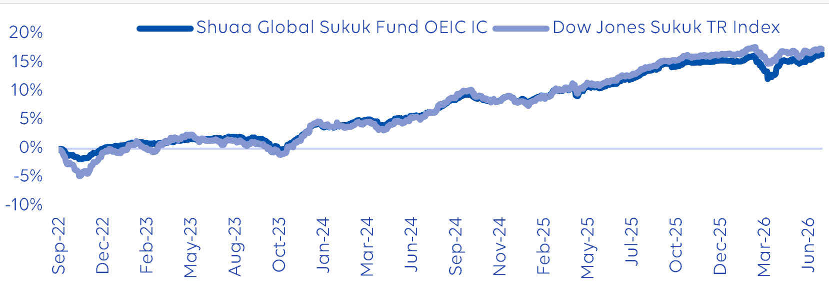
At the June FOMC meeting, the Fed kept rates unchanged and reinforced its data-dependent approach, emphasizing that inflation must move sustainably toward the 2% target before policy easing begins. The new leadership continued to prioritize price stability while limiting forward guidance to prevent markets from front-running future policy moves. While we do not expect the Fed to pre-commit to an easing cycle in the near term, rate cuts could re-enter the discussion in Q4 if Strait of Hormuz flows continue to normalize, oil prices ease, and energy-driven inflation pressures moderate.

The 2-year Treasury yield moved higher to around 4.14% by month-end, as markets reduced expectations for near-term rate cuts, while the 10-year Treasury yield remained broadly stable around 4.44%, supported by easing energy concerns and lower geopolitical risk premia. This resulted in a modest flattening of the curve, with the front end increasingly sensitive to incoming economic data and Fed communication.

Credit markets were more resilient than rates. Global investment-grade spreads widened only modestly, while high-yield spreads also moved slightly wider, suggesting that investors remained comfortable taking credit risk despite elevated policy uncertainty. In the U.S., high-yield spreads widened more meaningfully than investment grade, but the move was still orderly and reflected selective risk reduction rather than broad-based stress.

From a yield-curve perspective, we expect volatility to remain concentrated at the front end, with the 2-year yield highly sensitive to inflation prints, labor-market data, and Fed communication as markets reassess the timing of eventual cuts. The long end may see comparatively less volatility, barring renewed geopolitical escalation, as reduced forward guidance limits aggressive market positioning and lowers the risk of excessive front-running. Against this backdrop, we prefer to avoid aggressive directional duration risk and remain focused on income generation through high-quality investment-grade sukuk and selective short-duration high-yield opportunities where spreads adequately compensate for risk. Looking ahead, normalization of Strait of Hormuz flows and lower oil prices should help ease inflation pressures, potentially bringing the rate-cut discussion back to the table in Q4 and creating an opportunity to extend duration opportunistically if long-end yields remain attractive. Until then, the portfolio remains positioned around carry, credit quality, and flexibility.

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	1.2%	3.4%	0.9%	4.0%	0.9%	16.4%
Dow Jones Sukuk TR Index	0.2%	1.9%	0.7%	4.2%	0.7%	17.4%

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

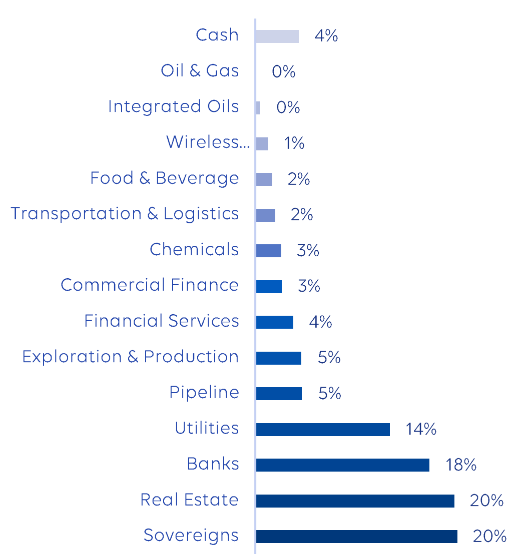
Portfolio Statistics

Fund AUM	$ 89.5mn
NAV per Share	116.4

Performance (Net of fees & expenses)

Annualised return	4.1%
Sharpe ratio	-0.2
Tracking error	1.7%
2025 returns	6.2%

Sector Allocation (% of Portfolio)



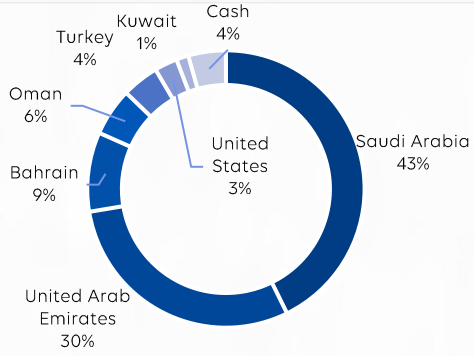
Fund Metrics (Sukuk)

Yield to Maturity	6.2%
Avg. Yearly Coupon (%)	6.1%
Avg. Credit Rating	BBB-
Avg. Maturity (Years)	6.0
Avg. Duration (Years)	4.5

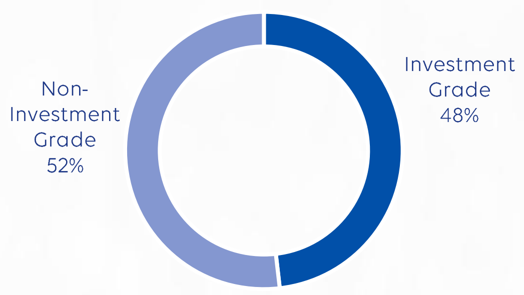
Top 5 Holdings (Excluding cash)

SHARSK 6.092 03/19/34 Govt	7.4%
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	4.9%
RIBL 6.209 07/14/35 Corp	3.7%

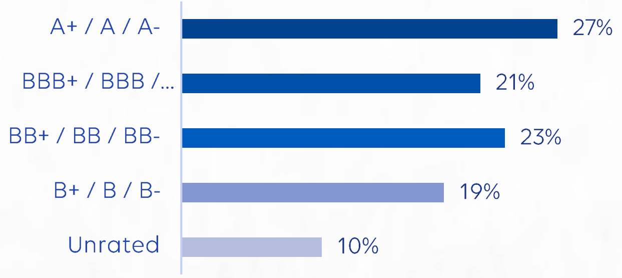
Country Allocation (% of Portfolio)



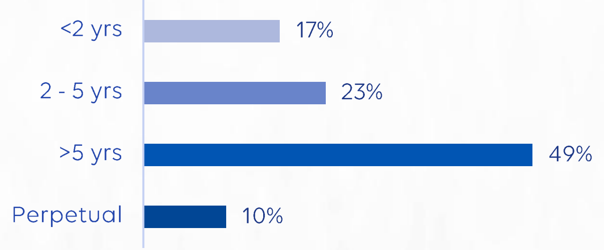
Sukuk Credit Rating (% of Portfolio)



Sukuk Credit Rating Breakdown



Sukuk Duration



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