

Investment objective

SHUAA 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

September was a difficult month for global fixed income, as a combination of elevated inflation, rising energy prices, heavy government borrowing and renewed monetary tightening triggered a broad repricing across rates and credit markets.

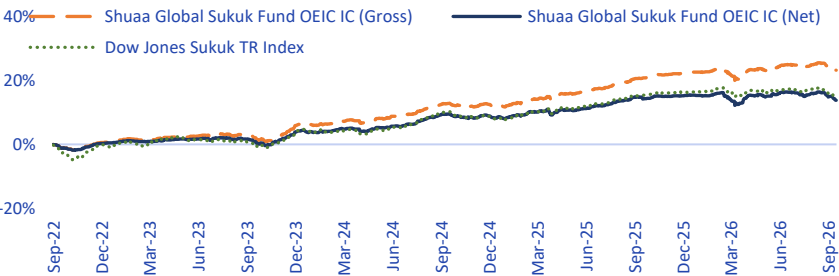
The Federal Reserve raised the federal funds target range by 25 basis points to 3.75%–4.00%, its first hike since 2023, reinforcing its focus on containing inflation despite softer labor-market momentum. The bigger adjustment came further out along the Treasury curve, with the US 10-year yield moving above 5% to around 5.29% by September 29, while the 30-year yield rose to about 5.62%, its highest level since 2002. The selloff reflected more than Fed expectations: persistent fiscal deficits, heavy Treasury and corporate issuance, a rising term premium and higher energy prices all pushed longer-term borrowing costs higher. Brent moved back above USD 100/bbl during the month as Middle East supply concerns sustained a geopolitical premium, adding to inflation risks and further complicating the Fed’s policy outlook.

Credit markets held up initially but weakened toward month-end as higher risk-free yields tightened financial conditions. US investment-grade OAS widened only modestly, from around 80 bps to 84 bps, while high-yield spreads widened from 263 bps to 312 bps and yields rose to about 8.16%. Stress was concentrated lower down the quality spectrum, with CCC spreads widening to around 1,179 bps and yields nearing 17%, while stronger investment-grade issuers remained relatively resilient.

For sukuk investors, the rise in Treasury yields weighed on longer-duration securities, but GCC fundamentals remain supportive. Strong sovereign balance sheets, elevated energy revenues and continued demand for Islamic fixed income provide an important buffer. The key risk now is that long-term yields remain structurally high, supported by fiscal concerns, Treasury supply and a higher term premium, even if the Fed eventually pauses.

Against this backdrop, we continue to favor carry over aggressive duration, with a preference for short- and intermediate-duration sukuk and a continued bias toward investment-grade and stronger high-yield issuers. September reinforced that this is not an environment in which to stretch for yield indiscriminately: credit quality, balance-sheet strength and disciplined duration management remain critical. The key message from September is that higher yields are creating both risk and opportunity. Rate volatility is likely to remain elevated, but for investors able to remain selective, current yield levels offer increasingly attractive income without requiring a strong directional call on Treasury yields.

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	-2.2%	-2.3%	1.1%	-0.3%	-1.4%	13.8%
Dow Jones Sukuk TR Index	-2.2%	-2.2%	-0.4%	-0.5%	-1.5%	14.8%

Fund Facts

Inception Date	Sep 2022
Domicile	Abu Dhabi Global Markets
Fund Currency	USD
Asset Class	Sukuk
Geography	Global
ISIN	AE000A2QB2B9
Number of Holdings	60
Subscriptions/Fees	Daily / 0%
Redemptions/Fees	Daily / 0%
Leverage	0%
TER / Mgmt Fee	1.1% / 1.0%
Performance Fee	20% since inception until June 2024
Fund Manager	Aarthi Chandrasekaran
Investment Manager	SHUAA GMC Limited

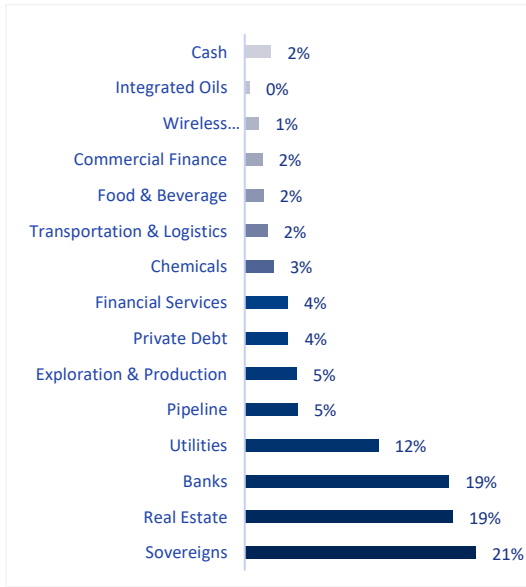
Portfolio Statistics

Fund AUM	\$ 82.4mn
NAV per Share	113.8

Performance (Net of fees & expenses)

Annualised return	3.2%
Sharpe ratio	-1.0
Tracking error	1.7%
2025 returns	6.2%

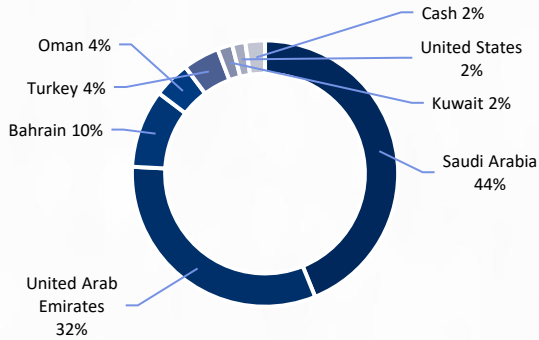
Sector Allocation (% of Portfolio)



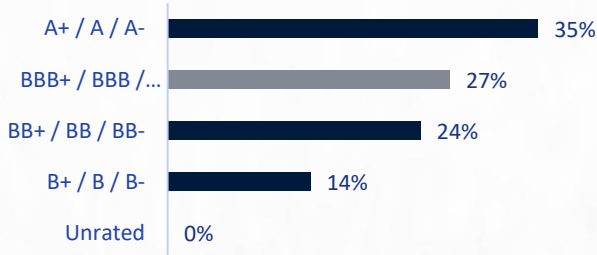
Fund Metrics (Sukuk)

Yield to Maturity	7.0%
Avg. Yearly Coupon (%)	6.1%
Avg. Credit Rating	BBB
Avg. Maturity (Years)	6.7
Avg. Duration (Years)	4.4

Country Allocation (% of Portfolio)



Sukuk Credit Rating Breakdown *



* Credit ratings are based on issue ratings where available and issuer ratings otherwise

Fund Management Sales

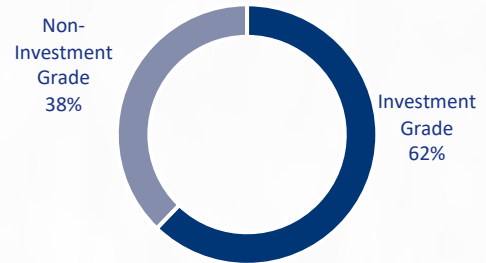
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Amsales@shuaa.com

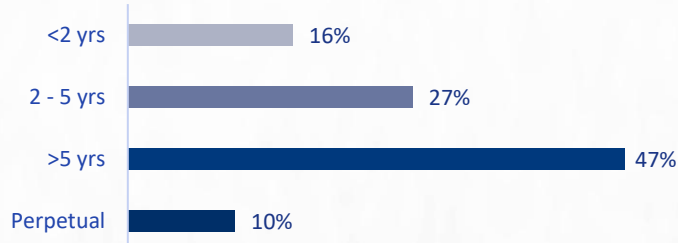
Top 5 Holdings (Excluding cash)

SHARSK 6.092 03/19/34	7.1%
SECO 5.684 04/11/53	5.2%
GASBCM 5.78 08/23/32	4.8%
SECO 5.06 04/08/43	4.5%
Wakalah 8.0% Mar-2027	3.9%

Sukuk Credit Rating (% of Portfolio) *



Sukuk Duration



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