

Investment objective

The Fund will seek to achieve attractive risk adjusted returns by investing in Sharia compliant Saudi equities based on bottom-up fundamental research and technical analysis. The fund also allows to add GCC Sharia compliant equity names.

Fund Manager Commentary

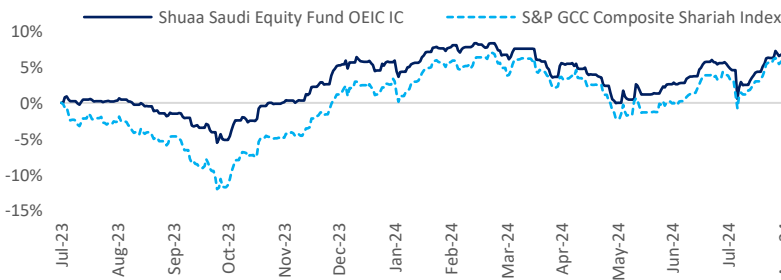
Contrary to the typical seasonal remission in volatility, August presented regional markets with a global sell-off event induced by an unravelling in the long-standing Yen carry trade. The 13% drop in Japanese shares, coupled with fears of US recession, precipitated a risk-off rush, triggering circuit breakers in exchanges across Asia. Though this presented a buying opportunity in regional markets, the fund opted to remain event-agnostic. The rebound in regional markets by month-end produced gains of 1.3% m/m on the DFMGI and a muted 0.3% on the TASI and 0.48% on the DSM. In contrast, the ADSM shed a further 0.58%, while the KWSE posted 0.98% despite an improving macro outlook. The Fund in contrast gained 1.7% during the month, as compared to the SPSHG benchmark (1.4%) and SPSHGT (2.05%). Brent peaked at USD 82.3/barrel in August and broke the USD 80 handle to close down 0.9% m/m at USD 78.8/barrel. The Fund remains overweight UAE (+10%), on supportive near-term drivers (rate outlook and its beneficiaries, mainly in the property and industrial sectors), and underweight KSA (mainly via financials, though we remain overweight the KSA real estate, materials, and energy sectors).

On the macro front, PMI data showed strength across the UAE, KSA and Qatar in August, signaling continued resilience in non-oil sector growth. In the UAE, PMI rose from a 3-year low of 53.7 in July to 54.2 in August, while in KSA PMI moved up from 54.4 to 54.8 (its first strengthening since February, though the index remains below its long-term average of 56.9), coupled with a sharp, decades-high rise in employment. The combination of business optimism, positive growth indicators and a lower rate environment in September onwards all bode well for corporate earnings growth across the GCC. Across the banks, rate expectations have changed significantly over the last month, but NIM headwinds in KSA remain largely priced in. Given strong balance sheets, we expect modest RoE impact across KSA banks, in contrast to UAE banks where new tax implications dilute LT returns.

In the UAE, the 6.54% gains on the DFM YTD have been underpinned by solid earnings growth and an MSCI rebalancing trade, bringing into question the outlook for the remainder of the year. Property demand may still experience a further leg up in H2, as lower rates potentially stimulate further mortgage demand, whereas on the ADX, commodity-sensitive names supported by feedstock/OpEx advantages (i.e. the ADNOC family of companies) remain leveraged to higher oil and gas prices in the medium-long term. We remain overweight UAE but continue to weed out value traps from the Fund's holdings, positioning for visible catalysts and value unlocking in the short-medium term. On the periphery, we expect an increase in project award activity in Kuwait to come through in H2 and seek exposure primarily via financials exposed to corporate lending. Kuwait remains exposed to structural and fiscal challenges, but recent stimulus to private domestic and foreign investment signals a potential turning point.

The Fund seeks to retain select exposure in the UAE and rotate further into overlooked secular/defensive names. Our UW position in KSA has been reduced via increased property exposure. The Fund seeks select exposure in Kuwait given recent catalysts (reform, project spending).

Fund Returns Since Inception



Performance Fees of 15% charged since inception until June 2024

Return Statistics

	MTD	3M	6M	YoY	YTD	Inception
SHUAA SAUDI Equity Fund	1.7%	6.8%	-0.9%	6.3%	1.4%	6.8%
S&P GCC Composite Shariah Total Return Index	2.1%	8.2%	0.2%	8.7%	4.3%	5.9%

Fund Facts

Inception Date	August 2023
Domicile	Abu Dhabi Global Markets
Fund Currency	USD/SAR/AED
Asset Class	Sharia compliant Equities
Geography	GCC
ISIN	AE000A3CSWU8
Number of Holdings	50
Subscriptions/Fees	Daily / 0%
Redemptions/Fees	Daily / 0%
Leverage	0%
TER /Mgmt Fee	2.1% / 1.5%
Performance Fee	Zero
Fund Manager	Mohammad Kamal
Co Fund Manager	Aarthi Chandrasekaran
Investment Manager	SHUAA GMC Limited

Portfolio Statistics

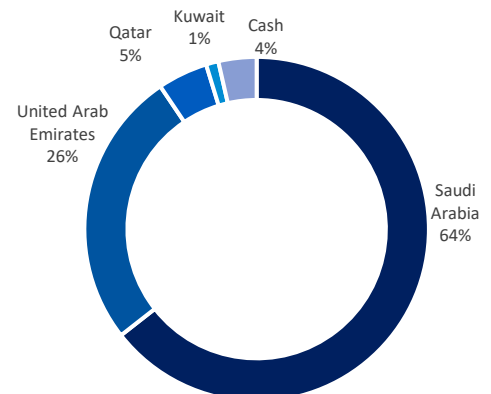
Fund AUM	\$42.3m
NAV per Share	106.8

Performance

Annualised return	6.2%
Sharpe ratio	0.3
Standard deviation	6.9%
2023 Return*	5.3%*

* Inception July 2023

Country Allocation

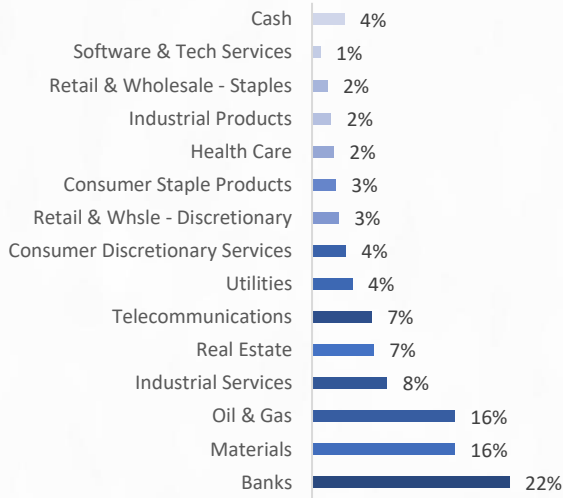
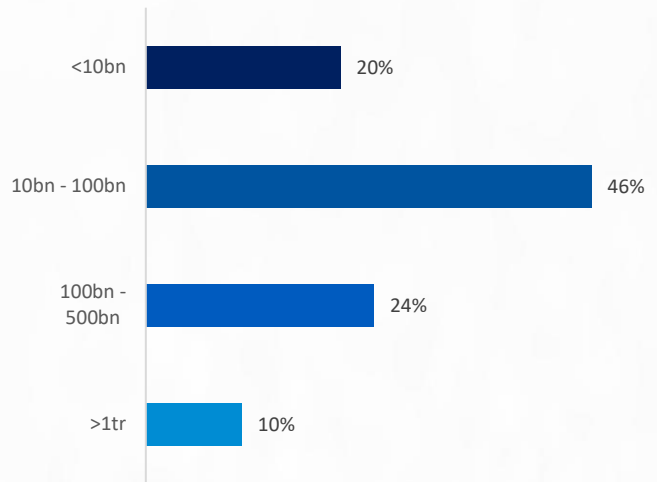


Top 5 holdings (excluding cash)

Al-Rajhi Bank	11.4%
Saudi Arabian Oil Co	10.0%
Saudi Telecom Company	5.9%
Alinma Bank	4.9%
SABIC	3.6%

Fund Metrics

RoE	22.5%
Earnings Yield	6.1%
PE (12m Forward)	16.3x
EV/EBITDA (12m Forward)	10.5x
Net Debt/EBITDA	0.8x

Sector Allocation

Equity Market Capitalization of Holdings (USD)

Top 5 Performers

ADNOC Logistics & Services	14.9%
Riyadh Cables Group Co	14.2%
Saudi Telecom Company	11.7%
Al Masane Al Kobra Mining Co	11.4%
SALIK CO PJSC	9.2%

Bottom 5 Performers

Mouwasat Medical Services Company	-13.8%
Abu Dhabi Ports Co PJSC	-7.9%
Al Tayyar	-6.8%
Americana Restaurants Internat	-6.2%
Yamama Cement	-5.6%

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