

Investment objective

Global Sukuk Fund 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 1.0% in September 2024, (versus Dow Jones Sukuk TR Index of 1.2%) resulting in YTD performance of 4.8% (versus the benchmark of 5.3%).

The US Federal Reserve (Fed) reduced its target rate range by a larger-than-anticipated 0.5 percentage points (%pts), to 4.75-5.00%, and signaled further easing ahead. Even so, money markets were still discounting a more dovish trajectory for US interest rate cuts over the near term. In Europe, the European Central Bank and Swiss National Bank both reduced their respective policy rates by 0.25%pts, to 3.50% and 1.00%. The Bank of England remained on hold, with the base rate at 5.00%.

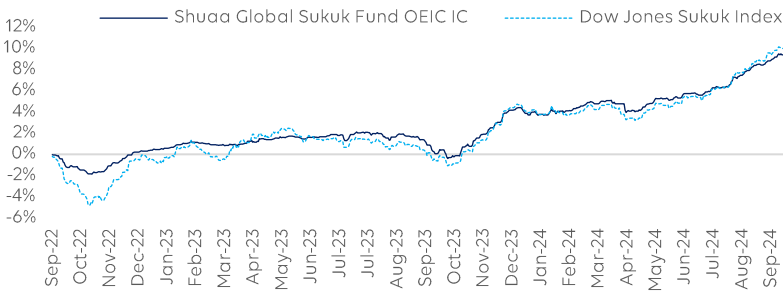
US Rates fell across the Treasury curve over the month, with the front end experiencing the sharpest declines; the spread between the 2- and 10-year Treasury yields turned positive for the first time in over two years, ending the month at 14bps. The 30-year Treasury yield declined by 27bps to 3.93% in the first half of the month before climbing back to 4.12%, finishing the month down just 8bps from where it started. Despite these wild swings, strong job data early October, reversed all the rally in rates with 10years reaching close to 4%.

Investment-grade supply hit a new high for the month of September as issuers eagerly flocked to borrow at enticing funding levels; issuance totaled a whopping \$171 billion, with Year-to-date issuance stands at \$1,263 billion, a 29% YoY. On the other hand, high-yield issuers also had a bustling month, bringing almost \$37 billion in new deals

Despite the surge in new issue supply, investment-grade corporate spreads tightened by 4bps to 89bps, underscoring the continued demand from investors; yields fell by 22bps to 4.72% while, the Bloomberg High Yield Index posted its fifth straight month of gains, with high-yield spreads tightening by 10bps to 295bps and yields falling from 7.30% to 6.99%. In this environment, the Bloomberg Global Aggregate Credit Index posted a solid 1.8% return in September, driven by High Yield (+2.0%) while Investment grade lagged a bit (+1.7%). Regionally, Bahrain (+1.9%) outperformed, followed closely by Oman (+1.0%), Qatar (+1.0%), UAE (+1.0%) and Saudi (+0.8%).

We anticipate that the median dot will indicate two 25 basis point cuts in 2024, followed by quarterly reductions that stabilize just above the longer-term rate (projecting rates of 4.825% and 3.625% at the end of 2024 and 2025). However, we believe the Fed will space out the cuts in 2025, as rapid reductions could refuel demand and reignite inflation. We also expect the longer-run or neutral rate to trend higher, eventually stabilizing between 3.25% and 3.50%. Regardless of our position in two years, it's likely that rates will be lower than they are now, making current policy rates quite appealing. With a patient approach to duration, you could achieve a 5% return in 12 months taking a minimal risk.

Relative Performance



\*Performance Fees of 20% charged since inception until June 2024

Return Statistics

	MTD	3M	6M	YoY	YTD	Inception
SHUAA Global Sukuk Fund OEIC IC	1.0%	3.7%	4.2%	8.5%	4.8%	9.5%
Dow Jones Sukuk TR Index	1.2%	4.6%	5.2%	10.0%	5.3%	10.2%

Fund Facts

Inception Date	Sep 2022
Domicile	Abu Dhabi Global Markets
Fund Currency	USD
Asset Class	Sukuk
Geography	Global
ISIN	AE0000A2QB2B9
Number of Holdings	57
Subscriptions/Fees	Daily / 0%
Redemptions/Fees	Daily / 0%
Leverage	0%
TER / Mgmt Fee	1.3% / 1.0%
Performance Fee	Zero
Fund Manager	Aarthi Chandrasekaran
Investment Manager	SHUAA GMC Limited

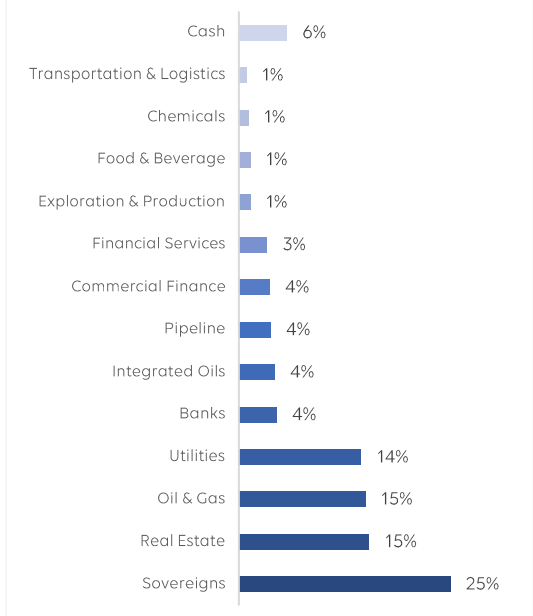
Portfolio Statistics

Fund AUM	\$134.7m
NAV per Share	109.5
Dividend per Share	0

Performance

Annualised return	4.5%
Sharpe ratio	0.6
Tracking error	1.8%
2023 returns	4.0%

Sector Allocation



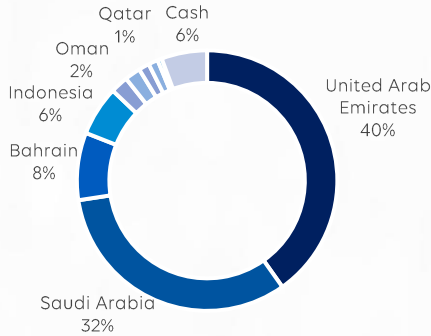
**Fund Metrics (Sukuk)**

Yield to Maturity	5.7%
Avg. Yearly Coupon (%)	5.8%
Avg. Credit Rating	BBB-
Avg. Maturity (Years)	7.1
Avg. Duration (Years)	5.2

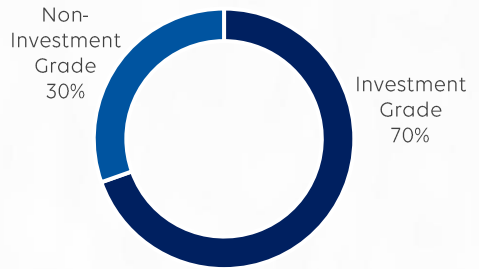
**Top 5 Holdings (Excluding cash)**

Murabaha Mezz Shine	15.9%
Saudi Electricity Global 5.06% 04/08/204	6.3%
INDOIS 4.7 06/06/32 Corp	6.2%
TFGSUK 10.50 08/07/24 C	5.9%
KSA 4.511 05/22/33 Govt	5.6%

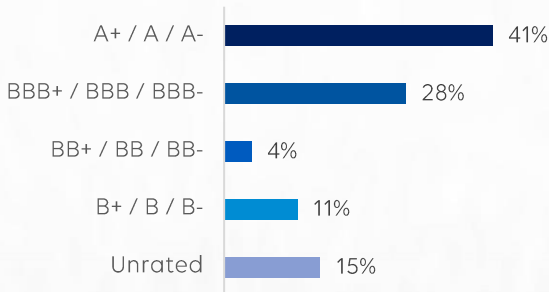
**Country Allocation**



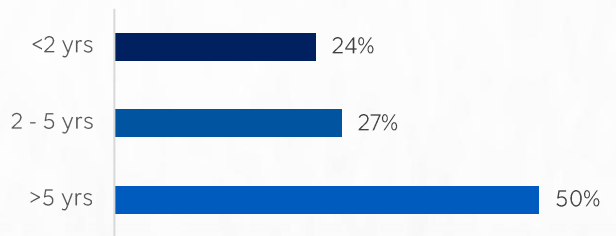
**Sukuk Credit Rating**



**Sukuk Credit Rating Breakdown**



**Sukuk Duration**



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