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.

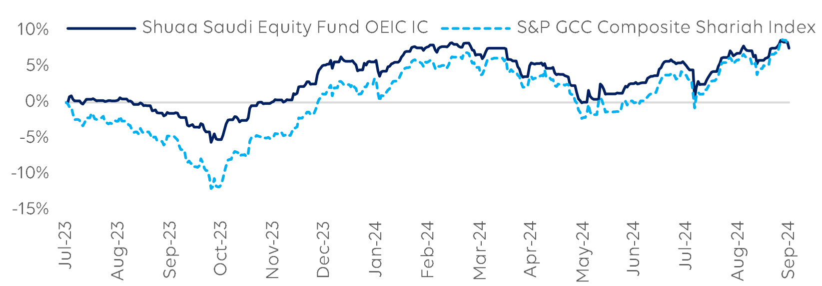
Fund Manager Commentary

The Fund posted modest gains of 0.66% in September, lagging the SPSHGT benchmark by 1.24%, largely due to the tilt in UAE exposure towards the ADX (+1.51%) rather than the DFM (+4.12%), and selection effects in KSA (SASEIDX +0.67%). YTD, the DFM continues to be the best performing GCC market (+10.93%), followed by the MSM (+4.35%), and TADAWUL (+2.16%). This has been against a global backdrop of (i) a poor start to September by US equities, on the back of worries regarding the health of the US economy and jobs data, (ii) the Fed's 50bps cut, with implications for regional rates, balance sheets, and the overall cost of capital calculus, and (iii) a near-10% decline in Brent in September to c.USD 71/barrel. We brace for the typical seasonal correction in October, which typically precedes rotational positioning for year-end earnings and yield (towards the mid-point of Q1). Regional markets overall posted a recovery from systemic shocks in August, though geopolitical risks continue to loom large, vis-à-vis foreign participation and flows. We expect any escalations in regional political risk scenarios to produce a risk-off environment, irrespective of the typical translation of higher oil prices into macroeconomic and sentiment uplifts.

Third quarter earnings will help triangulate the direction of markets for the rest of the year. KSA banks should reflect continued lending growth (corporate), compensating for NIM pressure, with no concurrent provisioning surprises. UAE banks will be likely to exhibit earnings pressure via corporate taxes, and a sharper decline in NIM than their KSA counterparts. Qatari banks remain exposed to weak growth drivers, whether via lending or NIM pressure. Dubai-based real estate names are not very well positioning to outdo the high earnings base of Q3 2023, while Abu Dhabi's Aldar Properties continues to unlock value on both the development and recurring income fronts. We expect earnings surprises in KSA cement names, given resilient prices and volume growth, and are positioned accordingly. Weak prices and spreads continue to hamper basic materials and chemicals, though we acknowledge value in the fertilizers space. Within the logistics and transportation sector, suppliers into the KSA travel sector (SAL Logistics, SGS) appear well-positioned for operating margin growth. Tier 1 KSA insurers, despite highly demanding valuations, enjoy regulatory/exogenous catalysts that would render multiples more palatable.

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).

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	0.7%	4.8%	0.8%	9.2%	2.1%	7.5%
S&P GCC Composite Shariah Total Return Index	1.9%	8.0%	4.0%	13.2%	6.2%	7.9%

Fund Facts

Inception Date	September 2023
Domicile	Abu Dhabi Global Markets
Fund Currency	USD/SAR/AED
Asset Class	Sharia compliant Equities
Geography	GCC
ISIN	AE000A3CSWU8
Number of Holdings	46
Subscriptions/Fees	Daily / 0%
Redemptions/Fees	Daily / 0%
Leverage	0%
TER /Mgmt Fee	2.2% / 1.5%
Performance Fee	Zero
Fund Manager	Mohammad Kamal
Co Fund Manager	Aarthi Chandrasekaran
Investment Manager	SHUAA GMC Limited

Portfolio Statistics

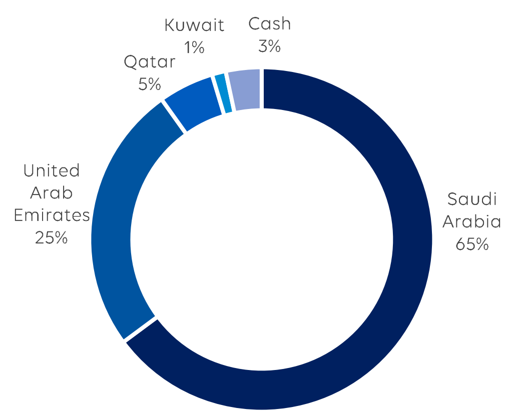
Fund AUM	$40.4m
NAV per Share	107.5

Performance

Annualised return	6.4%
Sharpe ratio	0.4
Standard deviation	6.9%
2023 Return*	5.3%*

* Inception July 2023

Country Allocation



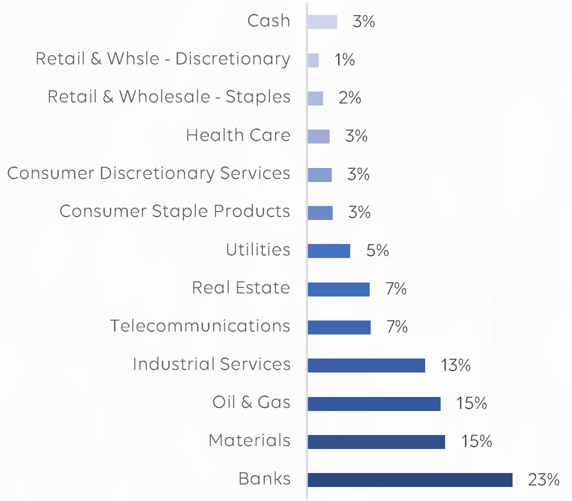
Top 5 holdings (excluding cash)

Al-Rajhi Bank	11.9%
Saudi Arabian Oil Co	10.2%
Saudi Telecom Company	6.4%
Alinma Bank	4.7%
SABIC	3.8%

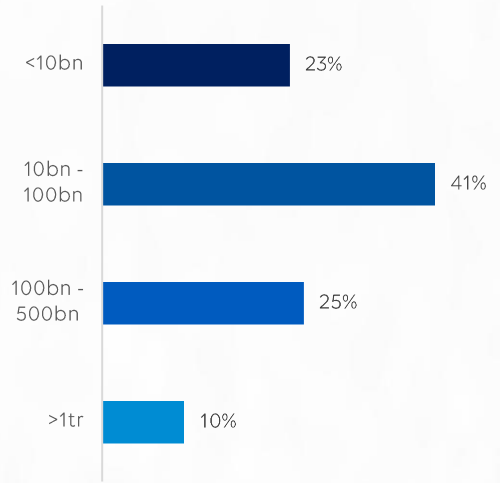
Fund Metrics

RoE	23.0%
Earnings Yield	6.1%
PE (12m Forward)	16.5x
EV/EBITDA (12m Forward)	11.1x
Net Debt/EBITDA	0.6x

Sector Allocation



Equity Market Capitalization of Holdings (USD)



Top 5 Performers

Apex Investment Co PSG	76.4%
Retail Urban Development Co	15.5%
Al Masane Al Kobra Mining Co	12.6%
SALIK CO PJSC	12.2%
Qatar Islamic Bank	9.3%

Bottom 5 Performers

Alinma Bank	-8.6%
Americana Restaurants Internat	-8.6%
Dana Gas	-5.9%
Mouwasat Medical Services Company	-3.9%
Saudi Ground Services Co	-3.9%

Fund Management Sales

+971 2 610 8290

Amsales@shuaa.com

Address

SHUAA GMC Limited

Al Khatem Tower, Floor 32

ADGM Square, Al Maryah Island

P.O. Box 764606, Abu Dhabi, UAE