

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 0.5% in November 2024, (versus Dow Jones Sukuk TR Index of 0.3%) resulting in YTD performance of 4.3% (versus the benchmark of 4.0%).

November brought generally positive economic updates, highlighted by a robust payrolls report, which pushed Treasury yields above 4%. The core PCE price index rose 2.8% year-over-year (and +0.3% month-over-month), making policymakers more cautious about rate cuts. As a result, the market now expects a shallower Fed rate-cutting cycle, balancing decreased labor market risks with persistent inflation.

In November, central banks continued to reduce rates. The Federal Reserve lowered the federal funds rate by 25 basis points to a target range of 4.50%-4.75%. The Bank of England also cut its policy rate by 25 basis points to 4.75%, with an 8-1 vote. Notably, the BoE raised its inflation forecasts for 2025 and 2026 following October's UK budget. However, bond markets saw only marginal benefits as concerns about Trump's policy proposals potentially driving inflation higher in 2025 persisted. This sentiment caused 10- and 30-year Treasury yields to drop 11 and 12 basis points, respectively, boosting long-duration indexes; the Bloomberg Long Treasury Index gained 1.8% for the month.

Amid these conditions, the Bloomberg Global Aggregate Credit Index recorded a modest +0.5% return in November, driven by High Yield (+0.8%). U.S. fixed-income markets benefited from risk-on sentiment, with option-adjusted spreads narrowing across the credit spectrum. Notably, high-yield index-level spreads fell below 270 basis points after a 16-basis point drop in November, while investment-grade spreads tightened by 6 basis points. Regionally, Saudi Arabia (+0.8%) and Oman (+0.7%) outperformed, followed by the UAE (+0.3%).

Central bank communications in November showed an increasing divergence in easing approaches among developed markets. Fed officials indicated that policy rates might be lowered further, but there is still uncertainty regarding the appropriate terminal rate. Fed Chair Powell emphasized that the Fed is not in a hurry to cut rates given the current state of the U.S. economy. Similarly, the BoE noted its intention to further reduce policy rates, but such actions would be gradual due to ongoing inflationary pressures. The potential economic impacts of tariffs under the Trump administration were mentioned across central banks, though it remains unclear what policies will be implemented.

Credit risk premiums continue to appear expensive by historical standards, but overall yields remain attractive. The relative value is strongest in higher-rated, mid-maturity credit segments, which should exhibit more stability if spread widen. We recommend maintaining a neutral duration relative to strategic targets in the current interest rate environment. While we generally prefer investment-grade and high-quality issuers, we are also inclined to take positions in shorter-maturity, high-yielding bonds with greater cash flow visibility.

Fund Facts

Inception Date	Sep 2022
Domicile	Abu Dhabi Global Markets
Fund Currency	USD
Asset Class	Sukuk
Geography	Global
ISIN	AE0000A2QB2B9
Number of Holdings	54
Subscriptions/Fees	Daily / 0%
Redemptions/Fees	Daily / 0%
Leverage	0%
TER / Mgmt Fee	1.2% / 1.0%
Performance Fee	Zero
Fund Manager	Aarthi Chandrasekaran
Investment Manager	SHUAA GMC Limited

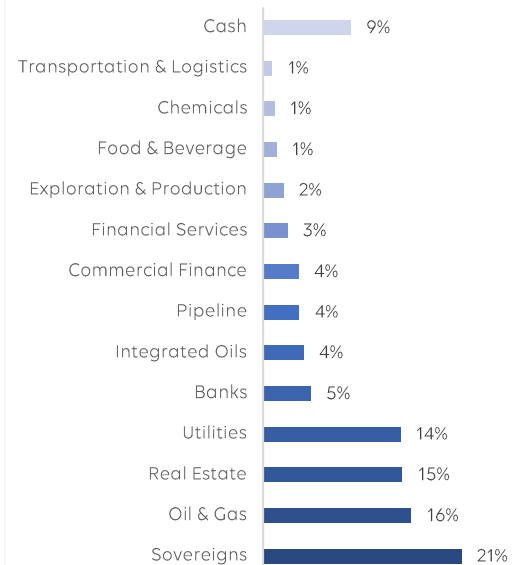
Portfolio Statistics

Fund AUM	\$131.5m
NAV per Share	109.0
Dividend per Share	0

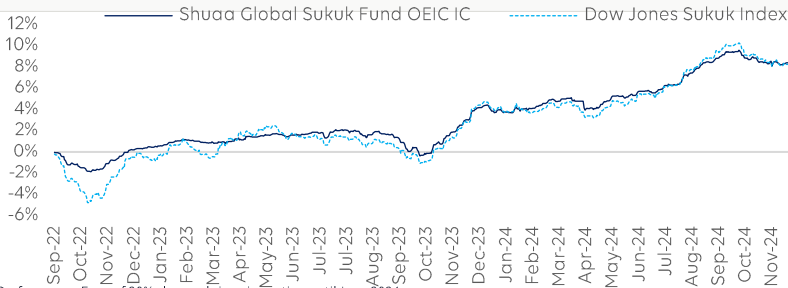
Performance

Annualised return	3.9%
Sharpe ratio	-0.1
Tracking error	1.8%
2023 returns	4.0%

Sector Allocation



Relative Performance



Return Statistics

	MTD	3M	6M	YoY	YTD	Inception
SHUAA Global Sukuk Fund OEIC IC	0.5%	0.5%	3.6%	6.4%	4.3%	9.0%
Dow Jones Sukuk TR Index	0.3%	0.1%	4.2%	6.7%	4.0%	8.9%

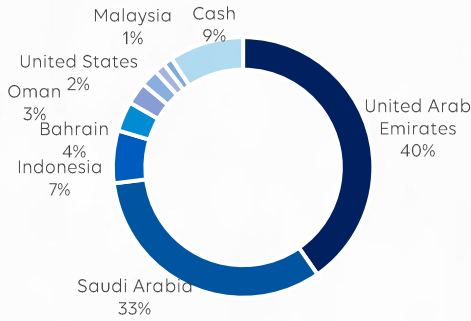
Fund Metrics (Sukuk)

Yield to Maturity	5.9%
Avg. Yearly Coupon (%)	5.7%
Avg. Credit Rating	BBB-
Avg. Maturity (Years)	7.5
Avg. Duration (Years)	5.4

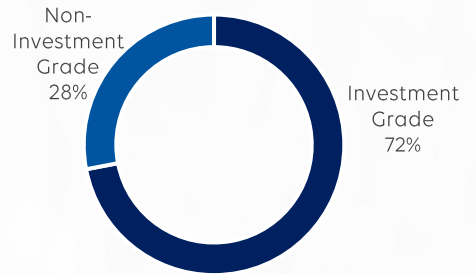
Top 5 Holdings (Excluding cash)

Murabaha Mezz Shine	17.2%
INDOIS 4.7 06/06/32 Corp	6.9%
SECO 5.06 04/08/43 Corp	6.6%
TFGSUK 10.50 08/07/24 C	6.4%
KSA 4.511 05/22/33 Govt	6.1%

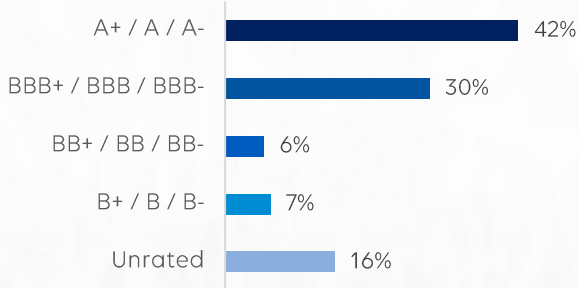
Country Allocation



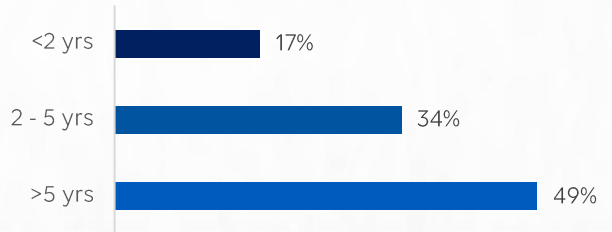
Sukuk Credit Rating



Sukuk Credit Rating Breakdown



Sukuk Duration



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