

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

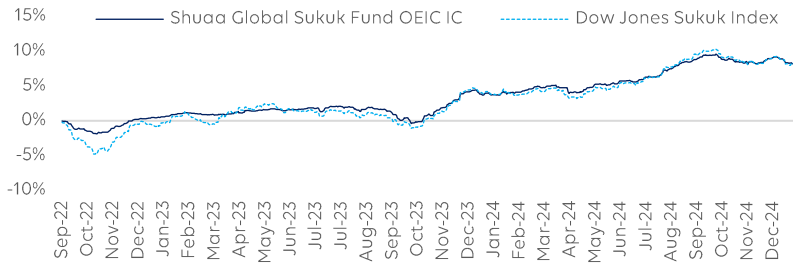
Our SHUAA Global Sukuk fund was down 0.3% in December 2024, (versus Dow Jones Sukuk TR Index of -0.6%) resulting in YTD performance of 4.0% (versus the benchmark of 3.6%).

The way 2024 unfolded was largely driven by economic resilience. The strength of the U.S. economy played a pivotal role in shaping the dollar, guiding capital flows to the U.S., and providing the Federal Reserve with the confidence to avoid aggressive rate cuts. In short, the rate market, currency market, and even the equity market could continue their resumption higher if economic resilience in the US continues. The Federal Reserve (Fed) delivered another rate cut in December, bringing the target rate range to 4.25% - 4.50%; While a resilient labor market supported the Fed's stance, with the growth in nonfarm payrolls surpassing expectations in November at 227,000, On the other hand, inflation continues to be a concern, as November's CPI and PCE reports showed 2.7% and 2.8% year-over-year increases, respectively – still above their 2% target. The Treasury yield curve steepened, with short-term yields dipping and longer-term Bond rates climbing higher; the 10-year yield increased by 40bps on the month to end the year at 4.6%.

Amid these conditions, the Bloomberg Global Aggregate Credit Index was down -2% in December, driven by Investment Grade (-2.1%), despite spreads being flat in December. High-yield index-level spreads widened by 20 bps to end the year at 287bps in December, although performance was better compared to Investment grade suggesting lower durations compared to investment Grade Index. Regionally, Saudi Arabia (-1.8%), Qatar (-1.6%) and UAE (-1%) underperformed, followed by Oman(-0.8%) and Bahrain (-0.7%).

The market is expecting two rate cuts in 2025, and we're seeing a bear steepening of the yield curve globally, not just in the U.S, but also in in Japanese bonds and UK Gilts, as investors continue to demand for higher term premiums on longer-term bonds. We think inflation in the US is likely to stay stubborn, driven by both policies and expected fiscal spending. With nearly \$9 trillion in U.S. government debt coming due this year, yields are more likely to get closer to 5% rather than drop to 4%. Credit has held up well in terms of carry and spreads. Unless there's a recession, default risk should stay low, and spreads can hold steady, making credit a solid choice for income and carry. We're sticking with a neutral duration in this interest rate environment. While we generally favor investment-grade and high-quality issuers, we also like shorter-maturity, high-yielding bonds with stronger cash flow visibility.

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	-0.3%	-0.8%	2.9%	4.0%	4.0%	8.6%
Dow Jones Sukuk TR Index	-0.6%	-1.7%	2.8%	3.4%	3.4%	8.3%

Fund Facts

Inception Date	Sep 2022
Domicile	Abu Dhabi Global Markets
Fund Currency	USD
Asset Class	Sukuk
Geography	Global
ISIN	AE0000A2QB2B9
Number of Holdings	62
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

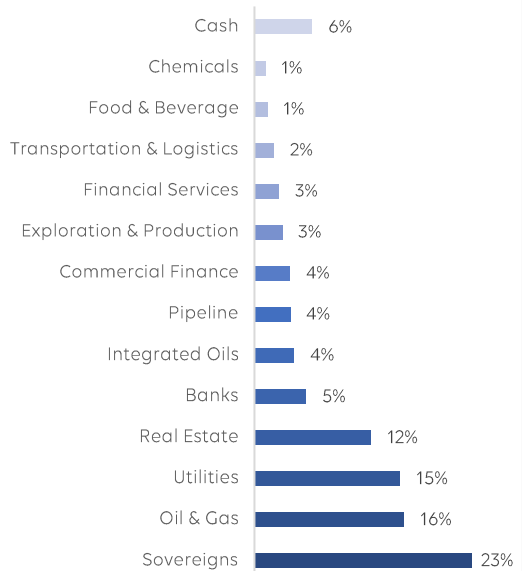
Portfolio Statistics

Fund AUM	\$130.5m
NAV per Share	108.6
Dividend per Share	0

Performance

Annualised return	3.7%
Sharpe ratio	-0.7
Tracking error	1.7%
2023 returns	4.0%

Sector Allocation



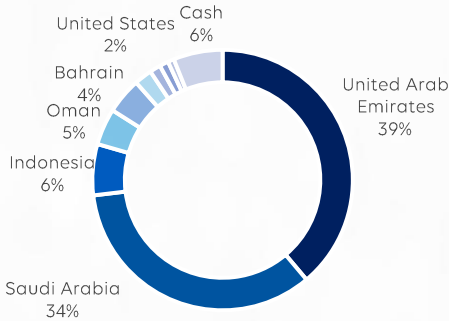
Fund Metrics (Sukuk)

Yield to Maturity	5.9%
Avg. Yearly Coupon (%)	5.5%
Avg. Credit Rating	BBB
Avg. Maturity (Years)	7.5
Avg. Duration (Years)	5.5

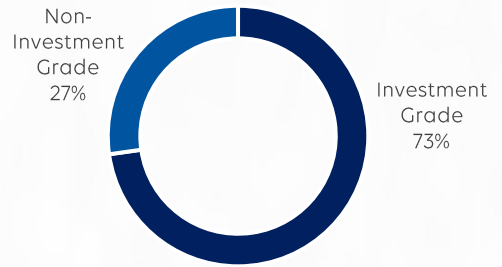
Top 5 Holdings (Excluding cash)

Murabaha Mezz Shine	16.8%
INDOIS 4.7 06/06/32 Corp	6.5%
SECO 5.06 04/08/43 Corp	6.3%
TFGSUK 10.50 08/07/24 C	6.3%
KSA 4.511 05/22/33 Govt	5.8%

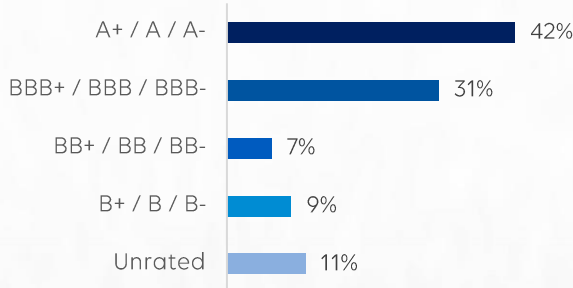
Country Allocation



Sukuk Credit Rating



Sukuk Credit Rating Breakdown



Sukuk Duration



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