

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

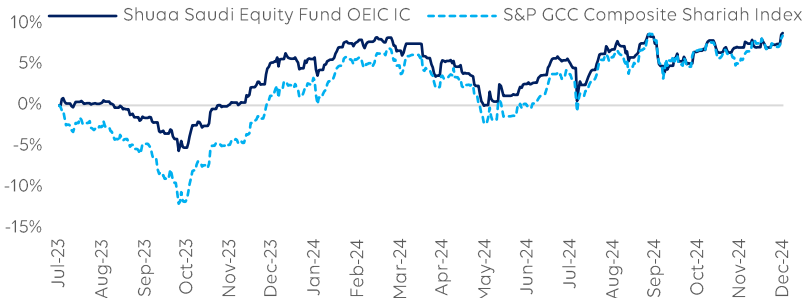
Our SHUAA Saudi fund was up 1.6% in December 2024, (versus 3.3% benchmark) resulting in YTD performance of 3.3% (versus the benchmark of 6.8%).

DFM continued to be an outperformer in December with +6.2% m/m, followed by +2.2% in Qatar, while Bahrain saw some downward pressure of -2.4%. For FY24, the DFM was the best performing GCC market +33.4%, followed by Kuwait +10.6% and Bahrain +7.8% while Qatar +4.8%, Oman +4.2%, Saudi +1.9%, and ADX +0.3% underperformed the peers.

We expect highest real GDP growth in UAE (c5%, driven by no-oil GDP growth), followed by KSA (c4%), with the rest of the GCC in the 2-3% handle. We continue to be more positive on UAE driven by robust domestic activity across sectors such as tourism, construction, and financial services, along with higher oil GDP growth, partly supported by the country's increased OPEC+ production quota. The UAE has heavily invested in expanding oil production capacity and infrastructure, with ADNOC aiming to boost crude oil output to 5mbpd by 2027, accelerating its 2030 target. We tilt our portfolio to high growth (adding real estate, tech, and healthcare names) and companies that benefit from structural changes. We increased our weight in KSA banks on compelling valuation, reduced sensitivity to rate movements and a shallower rate cycle. We look forward to exit several DY stories as we feel yields are likely to be narrow post 1Q25 results. US interest rates will drop by only 50bps in FY25e, reducing the headwinds from lower policy rates. Sector RoE should remain resilient on i) a moderate pace of rate cuts, ii) reduced sensitivity to rates on changed ALM positions, iii) a pickup in continued buoyant BS activity in KSA, iv) a slowdown in cost growth, and v) below mid-cycle CoR on strong macro. However, the UAE should witness the most profound RoE compression We remain more bullish on KSA banks over UAE banks. We expect Global petchem oversupply to persist in FY 25e, with limited prospects for a meaningful demand recovery in China (despite stimulus measures) and US tariffs aggravating the situation. After a slight recovery in petchem prices last year, we expect prices to remain muted this year and defer an expected petchem market recovery by several years.

On the macro front, The IMF estimated Saudi Arabia will need oil prices at USD 96/bbl to balance its budget and expects a modest current account deficit of 1.2% in 2025, up from 0.1% in 2024. In contrast, all other GCC countries are expected to record fiscal and current account surpluses, except Bahrain, which faces a budgetary deficit exceeding 7%, pushing its debt/GDP ratio toward 130%. FIFA announced in December that Morocco, Spain, and Portugal will co-host the 2030 football World Cup, while the 2034 tournament will occur in Saudi Arabia. This decision represents another significant milestone for the region in hosting global events, aligning closely with Saudi Arabia's Vision 2030 reform agenda. Saudi Arabia still needs to construct 11 of the 15 stadiums required for 2034, which will push the economy in deficit over the next few years, necessitating tighter fiscal policies or reliance on sovereign reserves to fund these commitments.

Fund Returns Since Inception



Return Statistics

	MTD	3M	6M	YoY	YTD	Inception
SHUAA SAUDI Equity Fund	1.6%	1.2%	6.1%	3.3%	3.3%	8.8%
S&P GCC Composite Shariah Total Return Index	3.3%	0.6%	8.6%	6.8%	6.8%	8.5%

Fund Facts

Inception Date	Jul 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	2.3% / 1.5%
Performance Fee	Zero
Fund Manager	Aarthi Chandrasekaran
Co Fund Manager	Rajat Varna
Investment Manager	SHUAA GMC Limited

Portfolio Statistics

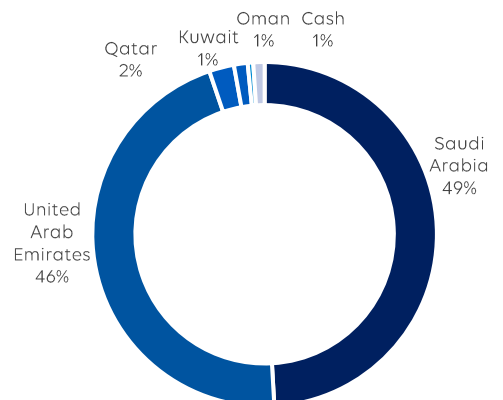
Fund AUM	\$37.8m
NAV per Share	108.8

Performance

Annualised return	6.1%
Sharpe ratio	0.2
Standard deviation	6.8%
2023 Return*	5.3%*

* Inception July 2023

Country Allocation



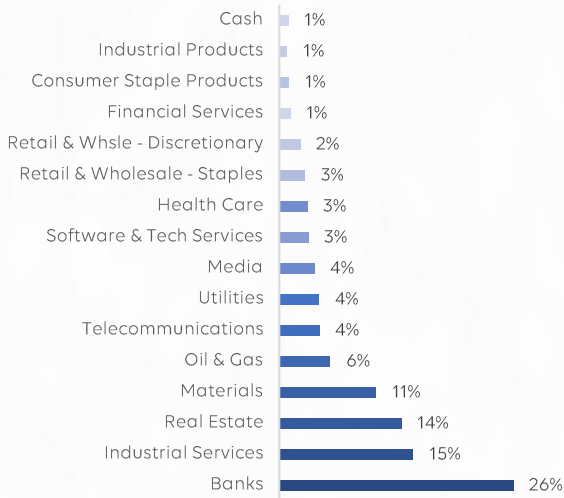
Top 5 holdings (excluding cash)

Al-Rajhi Bank	16.0%
Alinma Bank	4.8%
Emaar Properties	4.2%
Talabat Holding PLC	4.0%
Emaar Development PJSC	3.8%

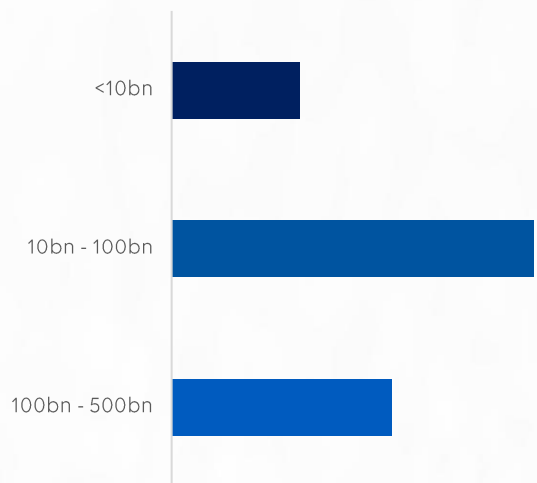
Fund Metrics

RoE	26.4%
Earnings Yield	5.9%
PE (12m Forward)	17.0x
EV/EBITDA (12m Forward)	11.4x
Net Debt/EBITDA	0.1x

Sector Allocation



Equity Market Capitalization of Holdings (USD)



Top 5 Performers

Emaar Properties	34.6%
Emaar Development PJSC	20.7%
Rasan Information Tech	17.9%
Middle East Specialized Cables	13.8%
Dubai Financial Market	8.7%

Bottom 5 Performers

United Electronics Co.	-8.9%
Jazeera Airways	-8.4%
Burjeel Holdings PLC	-6.7%
Mouwasset Medical Services Company	-6.6%
Advanced Petrochemicals Co	-5.5%

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