

Al Hilal Global Sukuk Fund



Factsheet – January 2024

NAV per share USD 9.37

Investment objective

The Fund aims to generate appropriate periodic returns on its investments giving the investors a chance to receive periodic coupons in addition to achieving long-term capital growth by investing in a diversified portfolio of Shariah-compliant global fixed-income securities (Sukuk) and in accordance with the controls stipulated in the investment guidelines.

Net asset value

AUM (Mln)

USD 34.84

Investment information

Inception Date	27 March 2012
Base Currency	USD
Benchmark	LIBOR + 100bps
Fund Structure	Open Ended - Abu Dhabi, UAE
Investment Manager	Al Hilal Bank, Investment Banking Group
Investment Advisor	Principal Islamic Asset Management Sdn Bhd
Custodian	Standard Chartered Bank
Administrator	Apex Fund Services Ltd
Min. Subscription	USD 10,000
Dealing Frequency	Weekly
Management Fee	0.85%
Subscription Fee	0.75%
Redemption Fee	None
Bloomberg	ALHGSUK:UH

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Investment commentary

Portfolio

Following the strong market rally in November and December 2023, US Treasury prices pared gains in January, as investors recalibrated their expectations for multiple rate cuts in 2024 amid stronger-than-expected US economic data. During the month, 10-year UST yields rose from 3.88% at end-December to touch 4.20%, before plunging to close the month at 3.91% (m-o-m 3bps higher). On 31st January, the US Fed maintained its benchmark rate at 5.25%-5.50% and continued to signal potential rate cuts in 2024, while pushing back against market expectations for a cut in March. M-o-m, the UST yield

Market

In early January, 10-year UST yields traded range-bound between 3.90% and 4.10% amid mixed US economic data. In December, ISM manufacturing improved from 46.6 in November to 47.4 (consensus 47.1) due to a pickup in production; while nonfarm payrolls rose from 173,000 (revised lower from 199,000) to 216,000 (consensus 175,000). The unemployment rate stayed firm at 3.7%, while average hourly earnings unexpectedly rose from 4.0% to 4.1% y-o-y (consensus 3.9%, m-o-m unchanged at 0.4%). However, US ISM services unexpectedly plunged from 52.5 to 50.6 (consensus 52.5), led by a sharp decline in employment and new orders. Meanwhile, US headline CPI accelerated from 0.1% in November to 0.3% m-o-m in December (y-o-y up from 3.1% to 3.4%), mainly attributed to shelter costs, while core CPI stayed firm at 0.3% m-o-m (y-o-y down from 4.0% to 3.9%). In mid-January, 10-year UST yields edged higher to 4.20%, as investors recalibrated their expectations of multiple rate cuts in 2024 amid strong US retail sales and consumer confidence data, as well as hawkish Fed speak. While Fed officials agree that rate reductions are on the cards, they pushed back

curve bear steepened, with the shorter 2-7-year yields declining by 1-4bps, 10 and 20-year yields were up by 3-7bps, while the longest 30-year yields rose by 14bps. Global Sukuk prices softened in tandem with UST, affecting portfolio returns. Nevertheless, the overall fixed income market outlook remains positive, underpinned by expectations of rate cuts globally. Meanwhile, the primary Global Sukuk market continued to be active in January, with demand remaining robust. Notable issuances include Kuwait Finance House, Banque Saudi Fransi, Qatar International Islamic Bank and Oman Telecommunications.

against market expectations for a March cut, citing the need to be patient in easing monetary policy. In 4Q23, the US economy expanded more than expected by 3.3% q-o-q (consensus 2.0%, full year 2023: 2.5%), fueled by robust consumer spending. Nevertheless towards month-end, 10-year UST rallied strongly to settle at 3.91% (m-o-m 3bps higher), after US PCE inflation showed continued disinflationary momentum. Sentiment was also bolstered by a flight to safety amid renewed concerns over the health of US regional banks. Furthermore, the US Treasury Department unexpectedly reduced its estimates for 1Q24 borrowing from USD816 billion in October to USD760 billion, alleviating concerns over heavier UST supply. On 31st January, as widely expected, the US Fed kept interest rates unchanged at 5.25-5.50% and signaled openness to cutting them. However, Chairman Powell cautioned that the economic outlook is uncertain, and the committee remains highly attentive to inflation risks. Meanwhile, Brent crude oil prices gained 6.1% m-o-m to USD 81.71/bbl, as escalating tensions in the Israel-Hamas war renewed concerns over a disruption in oil supply.

Top 5 holdings

#	Name	Sector	Country	Weight
1.	Saudi Electricity 5.500 08/04/44 - GSF	Sovereign & Quasi-sovereign	Saudi	9.09%
2.	OMANGS 4.875 06/15/30 - GSF	Sovereign & Quasi-sovereign	Oman	7.05%
3.	MAFUAE 3.9325 02/28/30 - GSF	Real Estate	UAE	6.84%
4.	MALAYS 2.07 04/28/31 - GSF	Sovereign & Quasi-sovereign	Malaysia	6.76%
5.	NBAD_OTELSU 5 3/8 01/24/31 - GSF	Telecommunication	Oman	5.68%

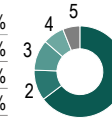
Regional allocation

1 Saudi	23.11%
2 UAE	19.64%
3 Oman	16.82%
4 Indonesia	13.42%
5 Bahrain	9.17%



Sector allocation

1 Sovereign & Quasi-sovereign	60.89%
2 Real Estate	10.24%
3 Financial	10.18%
4 Transportation & Logistics	7.12%
5 Telecommunication	5.68%



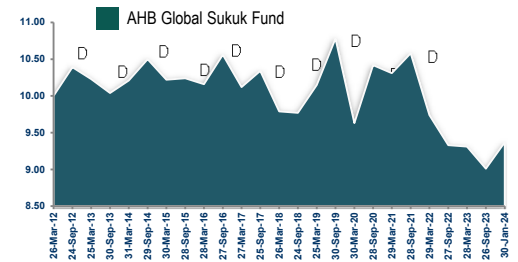
Fund performance

Performance (net)	Fund
Return (Month)	-1.37%
Return (YTD)	-1.37%
Return (SI) Cumulative	28.57%

Dividend

Date	%
Jan'21	2.55%
Jan'22	4.24%

Source: Bloomberg



Monthly performance (net)

2023	January	1.31%
2023	February	-0.97%
2023	March	1.20%
2023	April	0.43%
2023	May	-1.07%
2023	June	0.65%
2023	July	-0.21%
2023	August	-1.61%
2023	September	-1.42%
2023	October	-3.44%
2023	November	3.45%
2023	December	5.56%
2024	January	-1.37%

Fund characteristics

Average Coupon	4.51%
Yield to Maturity	5.20%
Duration (years)	7.21

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