

Al Hilal Global Sukuk Fund



Factsheet – March 2024

NAV per share USD 9.46

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 26.70

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

For further information please contact:

Asset Management Department
P.O.Box 63111
Abu Dhabi, UAE
Tel (Int'l): +971 2 499 4220 | Tel (UAE): 800 66 66 66
Email: assetmanagement@alhilalbank.ae



Investment commentary

Portfolio

In March, 10-year US Treasury (UST) yields initially fell by 22bps from 4.25% at end-February to 4.03%, driven by weak US economic data. However, 10-year UST yields rose to 4.25% after US inflation data came in hotter than expected, raising concerns over the path of US rate cuts in 2024. At the March FOMC meeting, US Fed officials kept rates unchanged at 5.25%-5.50%, and indicated that they may begin slowing the pace of quantitative tightening soon. The overall tone of the FOMC meeting was fairly dovish, as Chairman Powell reiterated that rate cuts are still on the table, and dismissed the

Market

In early March, benchmark 10-year UST yields plunged by 22bps to touch 4.03%, amid weaker US manufacturing and services activity. In February, US ISM manufacturing shrank further from 49.1 in January to 47.8 (consensus 49.5), as new orders, prices paid and employment contracted. Similarly, US ISM services dipped from 53.4 to 52.6 (consensus 53.0), mainly due to a slowdown in employment. Nonfarm payrolls added 275,000 in February, above consensus expectations of 200,000. However, data for January was revised lower from 353,000 to 229,000, indicating some softness in the labour market. Furthermore, the unemployment rate climbed from 3.7% in January to 3.9% in February, a two-year high, while average hourly earnings moderated from 0.5% to 0.1% m-o-m. Nevertheless, 10-year UST yields subsequently rose to 4.35%, after a second straight increase in US CPI supported the US Fed's cautious approach in cutting rates. In February, US headline CPI rose from 0.3% in January to 0.4% m-o-m (y-o-y up from 3.1% to 3.2%), while core CPI remained sticky at 0.4% m-o-m (y-o-y down from 3.9% to 3.8%), as prices for used cars, air travel and clothes soared.

recent uptick in inflation. In response, 10-year UST yields trended lower to close the month at 4.20% (m-o-m 5bps lower). Given the market rally in early March, we sold our long Malaysia sovereign sukuk (which are more correlated to UST movements) into strength, and re-entered at cheaper prices in mid-March. We also participated in Mubadala's debut USD 1bil sukuk issuance, which garnered overwhelming demand of 6.7x BTC. Meanwhile, GCC sukuk prices remained fairly stable in March, supported by rising oil prices. Qatar was upgraded by Fitch by one notch from AA- to AA, while Oman's outlook was raised from Stable to Positive by S&P (rating BB+).

Sentiment was further dented after US PPI jumped to the highest level in 6 months. Nevertheless, 10-year UST yields recovered to around 4.20% after the US Fed kept rates unchanged and maintained their outlook for 75bp cuts this year (2025: revised down from 100bp cuts to 70bps). The committee also revised up its 2024 GDP projection from 1.4% to 2.1%, and core PCE inflation forecast from 2.4% to 2.6%. Despite this, Chairman Powell struck a more dovish tone during his press conference, as he reassured that the recent hot CPI reports have not changed the Fed's expectations that inflation is trending lower. Following the FOMC meeting, 10-year UST yields traded range-bound despite hawkish Fed speak and stronger final US Q4 GDP (revised up from 3.2% to 3.4%), fueled by stronger personal consumption. Meanwhile, Brent prices gained 4.26% m-o-m from USD 83.62/bbl at end-February to USD 87.48/bbl at end-March, the highest since October 2023. This was driven by improved sentiment after the IEA reversed its earlier projection of an oil supply surplus to a deficit. Also, reports of Ukrainian drone attacks on Russia raised concerns over oil supply disruptions, boosting Brent prices.

Top 5 holdings

#	Name	Sector	Country	Weight
1.	Saudi Electricity 5.500 08/04/44 - GSF	Sovereign & Quasi-sovereign	Saudi	10.04%
2.	NBAD_OTELSU 5 3/8 01/24/31 - GSF	Telecommunication	Oman	7.39%
3.	BHRAIN 4 1/2 03/30/27 - GSF	Sovereign & Quasi-sovereign	Bahrain	7.26%
4.	SAUDI ELECTRICITY GLOBAL 5.06% 04/08/2043 - GSF	Sovereign & Quasi-sovereign	Saudi	7.22%
5.	KFH SUKUK CO Jan 29 5.011% - GSF	Financial	Kuwait	4.65%

Regional allocation

1 Saudi	30.50%
2 UAE	15.73%
3 Oman	13.60%
4 Bahrain	12.06%
5 Indonesia	6.82%



Sector allocation

1 Sovereign & Quasi-sovereign	52.51%
2 Financial	16.09%
3 Real Estate	12.76%
4 Telecommunication	7.39%



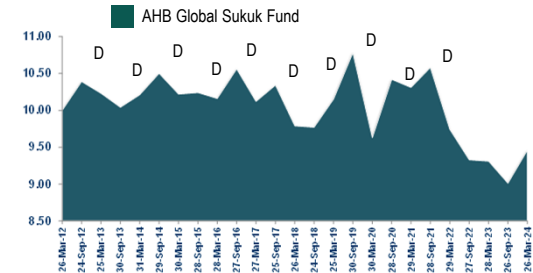
Fund performance

Performance (net)	Fund
Return (Month)	0.75%
Return (YTD)	-0.42%
Return (SI) Cumulative	29.81%

Dividend

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

Source: Bloomberg



Monthly performance (net)

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%
2024	February	0.21%
2024	March	0.75%

Fund characteristics

Average Coupon	4.86%
Yield to Maturity	5.25%
Duration (years)	6.47

This material is provided on an information-only basis for investors. The provision of this material and/or reference to specific securities, funds, sectors, or markets within this material does not constitute investment advice, or a recommendation or an offer to buy or to sell any fund or security, or an offer of services by Al Hilal Bank. Investors should consider the investment objectives, risks and expenses of any investment carefully before investing. Performance figures are shown to the last valuation day of the month under review. The performance data quoted represents past performance. Past performance is not an indication of future performance, provides no guarantee for the future, and is not constant over time. Performance returns may increase or decrease as a result of currency fluctuations. For any further information or queries, you may refer to the prospectus of the fund and the term sheet already provided to you or alternatively, you may contact Al Hilal Bank. This material may not be distributed, published, or reproduced, in whole or in part without the express permission of Al Hilal Bank.