

Al Hilal Global Sukuk Fund

Factsheet – November 2021

NAV per share USD 10.53

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 93.79

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

In November, benchmark 10-year US Treasury prices rallied, with yields falling by 11bps from 1.55% at end-October to 1.44% at end-November. During the month, 10-year US Treasury yields were initially pressured higher after US inflation climbed to the highest level in three decades, before plunging sharply towards month-end following the discovery of a new, highly mutative Covid-19 variant, Omicron. Furthermore, US Fed Chairman Powell surprised markets by indicating that inflation is no longer transitory, and opened the door to a faster pace of tapering. M-o-m, the US Treasury yield curve

Market

In early November, 10-year US Treasury yields traded sideways, after the US Fed expectedly announced that it will begin tapering its purchases of US Treasuries and mortgage-backed securities by USD 10bil and USD 5bil per month respectively for November and December. Chairman Powell continued to reiterate that while inflation risks are rising as supply-chain bottlenecks persist longer than expected, the effects are expected to abate as conditions normalize. On 4th Nov, the Bank of England unexpectedly held interest rates unchanged despite signaling a potential rate hike in October. This prompted some buying in US Treasuries, pushing 10-year yields lower to touch 1.41% on 9th Nov. However, yields subsequently climbed to 1.69% on 24th Nov, after US inflation soared from 5.4% in September to 6.2% in October (consensus 5.9%), the highest level since December 1990. Meanwhile, other US economic data for October were mixed: ISM manufacturing dipped from 61.1 in September to 60.8, while ISM services soared from 61.9 to 66.7, the highest on record, powered by resilient demand and stronger business activity. In October, the US economy added

bear flattened, with the shortest 1-3 year yields rising by 7-10bps, while longer 10-30 year yields fell by 11-14bps. Despite the US Treasury rally, GCC sukuk prices weakened m-o-m, in tandem with declining oil prices amid concerns over the new Omicron variant. Nevertheless, primary issuances continue to receive healthy demand. The portfolio participated in the new Warba Tier 1 Sukuk for its enhanced yield. Overall, the portfolio continues to overweight corporate sukuk over sovereigns for the additional yield pickup. Meanwhile, S&P upgraded Bahrain's outlook from Negative to Stable on 28th Nov, citing improving fiscal position and reform momentum.

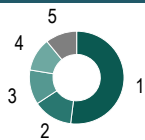
531,000 new jobs (consensus 450,000), while September's figures were revised higher from 194,000 to 312,000. Average hourly earnings also rose from 4.6% in September to 4.9% in October, the highest since February, as companies offered higher wages amid a persistent labor shortage. In the final week of November, 10-year US Treasury yields plunged by 25bps from 1.69% on 24th Nov to close the month at 1.44%, after reports of the new Omicron variant sparked concerns over a new pandemic wave. In his testimony to Congress on 30th Nov, Powell said the Omicron variant poses downside risks to employment and growth. He also retired the word "transitory" to describe inflation, and opened the door for the Fed to conclude its tapering process earlier than the planned mid-2022, to allow it to start normalizing interest rates to mitigate rising inflation. Meanwhile, Brent crude oil prices were relatively stable during the month, as OPEC+ maintained its scheduled supply increase of 400,000 bpd for December. However, prices plunged sharply at month-end, as the Omicron variant clouds the oil demand outlook (m-o-m -16.4% from USD84.38/bbl at end-Oct to USD70.57/bbl).

Top 5 holdings

#	Name	Sector	Country	Weight
1.	MAFUAE 3.9325 02/28/30	Real Estate	UAE	7.15%
2.	OMANGS 4.875 06/15/30	Sovereign & Quasi-sovereign	Oman	6.41%
3.	Perusahaan Penerbit SBSN 4.35% 10/09/2024	Sovereign & Quasi-sovereign	Indonesia	6.25%
4.	DUBAEE 3 3/4 02/15/26 Corp	Transportation and Logistics	UAE	5.82%
5.	OILGAS 5 1/4 04/08/29 - GSF	Sovereign & Quasi-sovereign	Bahrain	5.00%

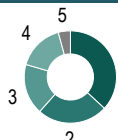
Regional allocation

1	UAE	43.58%
2	Kuwait	11.40%
3	Oman	10.11%
4	Saudi	9.65%
5	Indonesia	8.99%



Sector allocation

1	Sovereign & Quasi-sovereign	34.30%
2	Financial	22.89%
3	Real Estate	16.51%
4	Transportation and Logistics	15.25%
5	Utilities	3.92%



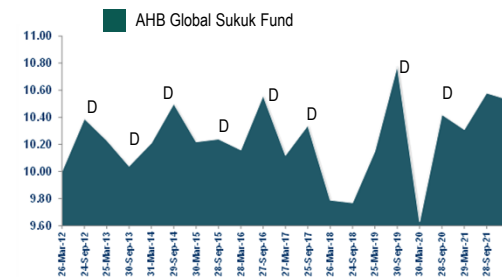
Fund performance

Performance (net)	Fund
Return (Month)	-0.19%
Return (YTD)	1.44%
Return (SI) Cumulative	38.34%

Dividend

Date	%
Jan'18	3.93%
Jan'20	6.00%
Jan'21	2.55%

Source: Bloomberg



Monthly performance (net)

2020	November	0.96%
2020	December	0.57%
2021	January	0.57%
2021	February	-0.09%
2021	March	-1.15%
2021	April	0.97%
2021	May	0.48%
2021	June	0.57%
2021	July	-0.10%
2021	August	0.38%
2021	September	0.28%
2021	October	-0.28%
2021	November	-0.19%

Fund characteristics

Average Coupon	4.08%
Yield to Maturity	3.19%
Duration (years)	5.28

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