

# Al Hilal Global Sukuk Fund



Factsheet – November 2023

NAV per share USD 9.00

## 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 33.89

## 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

US Treasury (UST) prices rebounded sharply in November amidst dovish Fed speak and softer US economic data, driving 10-year UST yields 60 bps lower m-o-m from 4.93% at end-October to 4.33% at end-November. Sentiment was bolstered by US Treasury's announcement of a lower-than expected quarterly refunding plans, from USD114 billion to USD112 billion, thus erasing concerns of a heavier Treasury bond supply. The US Fed unanimously voted to hold the fed funds rate unchanged at 5.25%-5.50% in its November FOMC meeting, and was generally dovish in its policy statement.

### Market

In early November, 10-year UST yields plunged 45bps lower from 4.93% at end October to touch 4.48% on 3<sup>rd</sup> November, on the back of lower than expected US Treasury bonds issuance plan, a dovish FOMC meeting and softer US economic data. ISM manufacturing index contracted from 49.0 in September to 46.7 in October, driven by the impact of a union strike against US' big three automakers which halted many vehicle manufacturing plants. Market was shocked by a sharp drop in the job market numbers with nonfarm payrolls recording only 150,000 new jobs addition, compared to 336,000 in September (revised lower to 262,000 jobs). In addition, ISM Services index also declined from 53.6 to 51.8 in October, the slowest expansion in five months, led by a sharp drop in new export orders. Meanwhile, the University of Michigan consumer sentiment index fell from 63.8 to 60.4 amidst persistent worries over elevated prices, high borrowing costs and weakening labour market. US headline inflation CPI numbers fell sharply from 3.7% in September to 3.2% y-o-y in October, due to lower gasoline prices and electricity prices.

The Fund was well-positioned in anticipation of a potential weakening in US economic data and softening inflation. The Fund staged a strong rebound, gaining 3.45% in the month of November, with further upside expected in the coming months. The Fund invested in new issuances of Abu Dhabi Islamic Bank, Qatar Islamic Bank and Indonesia sovereign sukuk during the month and benefited from the subsequent market rally. Sukuk market sentiment remains bullish heading towards the year end, as investors continued to price in potential US interest rate cuts in the near future.

UST yields continued to edge lower, after minutes of the FOMC meeting in November showed that the committee were unanimous in their approach to "proceed carefully" on future interest rate decisions and will only raise rates if progress in controlling inflation faltered. The committee emphasized that higher interest rates are squeezing the incomes of household and businesses, citing rising consumer loan delinquency rates. On top of that, Americans are increasingly tapping their retirement savings to pay for housing and medical bills amidst higher cost of living pressures.

During the month, Brent crude oil prices fluctuated within a trading band of USD80-USD88/bbl mark. Brent crude prices were supported by confirmation that Saudi Arabia and Russia will stick to their oil production cuts through the end of the year. Furthermore, OPEC+ agreed to deepen its oil production cuts by an additional 1 million bpd following a slump in crude oil prices and projections of a renewed surplus in output next year.

## Top 5 holdings

#	Name	Sector	Country	Weight
1.	Saudi Electricity 5.500 08/04/44 - GSF	Sovereign & Quasi-sovereign	Saudi	8.88%
2.	OMANGS 4.875 06/15/30 - GSF	Sovereign & Quasi-sovereign	Oman	7.08%
3.	MAFUAE 3.9325 02/28/30 - GSF	Real Estate	UAE	6.79%
4.	MALAYS 2.07 04/28/31 - GSF	Sovereign & Quasi-sovereign	Malaysia	6.71%
5.	TMS ISSUER SARL - 5.78 PCT BDS 23/0 - GSF	Sovereign & Quasi-sovereign	Saudi	5.95%

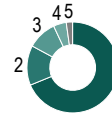
## Regional allocation

1 Saudi	22.51%
2 UAE	21.58%
3 Indonesia	12.20%
4 Malaysia	10.93%
5 Oman	10.36%



## Sector allocation

1 Sovereign & Quasi-sovereign	62.54%
2 Transportation & Logistics	12.87%
3 Real Estate	9.41%
4 Financial	4.20%
5 Food and Beverage	2.04%



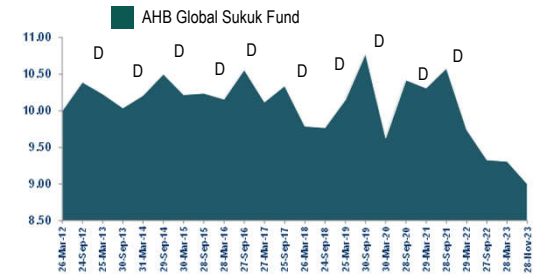
## Fund performance

Performance (net)	Fund
Return (Month)	3.45%
Return (YTD)	-1.85%
Return (SI) Cumulative	23.50%

## Dividend

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

Source: Bloomberg



## Monthly performance (net)

2022	November	0.66%
2022	December	0.44%
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%

## Fund characteristics

Average Coupon	4.61%
Yield to Maturity	5.64%
Duration (years)	7.77

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