

Al Hilal Global Sukuk Fund



Factsheet – September 2023

NAV per share USD 9.01

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 36.67

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

Sentiment in the US Treasury (UST) market continued to be weak in September, driven by stronger US economic data, hawkish Fed speak and concerns over a potential US government shutdown. During the month, 10-year UST yields jumped from 4.11% at end-August to 4.69% on 28th Sep, the highest level since 2007, before recovering to end the month at 4.57% (m-o-m 46bps higher). As widely expected, the US Fed kept rates unchanged at 5.25-5.50% on 20th Sep, but signaled one more potential hike by year-end. The committee also penciled in less rate cuts going forward, signaling a

Market

In early September, 10-year UST yields rose from 4.11% at end-August to around 4.30%, triggered by better-than-expected US jobs and ISM data. In August, the US economy added 187,000 new jobs, higher than consensus expectations of 170,000 (July revised down from 187,000 to 157,000), while average hourly earnings dipped from 4.4% to 4.3% y-o-y. Meanwhile, US ISM manufacturing improved from 46.4 to 47.6 (consensus 47.0), while ISM services expanded strongly from 52.7 to 54.5 (consensus 52.5). Subsequently, 10-year UST yields briefly fell following mixed US inflation data. In August, headline CPI rose from 0.2% in July to 0.6% m-o-m (y-o-y up from 3.2% to 3.7%) mainly due to higher fuel prices, while core CPI edged up from 0.2% to 0.3% m-o-m (y-o-y down from 4.7% to 4.3%). The m-o-m increase in core CPI marks the first acceleration since February and was largely driven by transport services, while shelter prices continued to moderate, in line with expectations. As widely expected, the US Fed kept interest rates unchanged at 5.25-5.50% but signaled one more potential hike by year-end. The committee also revised its Fed Funds rate forecast

higher-for-longer interest rate path. M-o-m, the UST yield curve bear steepened with 2-year yields up 18bps, 5-7 year up 36-41bps, while 10-30 year yields rose by 46-49bps. Selective GCC sukuk were more resilient compared to UST, cushioned by higher oil prices. M-o-m, Brent oil prices jumped 9.7% from USD 86.86/bbl at end-August to USD 95.31/bbl amid continued global supply tightening, coupled with signs of economic stability in China. Meanwhile, the primary Global Sukuk market picked up pace in September. New issuances e.g. DP World, Energy Development of Oman and Government of Sharjah continued to receive strong investor demand.

for 2024 by 50bps from 4.6% in June to 5.1%, implying only 50bps rate cut vs. 100bps previously (2025: raised from 3.4% to 3.9%, longer run maintained at 2.5%), underscoring expectations for higher-for-longer rates. In response, 10-year UST yields jumped to touch 4.69% on 28th Sep, as sentiment was further dampened by concerns over a potential US government shutdown. Nevertheless, 10-year UST recovered slightly to settle at 4.57% at month-end, after the third revision of 3Q23 US GDP was unchanged at 2.1% q-o-q. Personal consumption was revised sharply lower from 1.7% to 0.8%, but was offset by a sharp upward revision to business investment in factories. The Conference Board Consumer Confidence Index also tumbled from 108.7 in August to 103.0 in September, the lowest in four months, amid growing concerns over a recession. Meanwhile, Brent prices continued to march higher to USD 95.31/bbl at end-September, the highest since Nov 2022, after Saudi and Russia extended production cuts of 1mil and 300,000 bpd respectively until end-2023. Both countries will review the cuts monthly, and may deepen cuts or raise output depending on market conditions.

Top 5 holdings

#	Name	Sector	Country	Weight
1.	Saudi Electricity 5.500 08/04/44 - GSF	Sovereign & Quasi-sovereign	Saudi	8.45%
2.	SAUDI ELECTRICITY GLOBAL 5.06% 04/08/2043 - GSF	Sovereign & Quasi-sovereign	Saudi	6.92%
3.	OMANGS 4.875 06/15/30 - GSF	Sovereign & Quasi-sovereign	Oman	6.62%
4.	MAFUAE 3.9325 02/28/30 - GSF	Real Estate	UAE	6.38%
5.	MALAYS 2.07 04/28/31 - GSF	Sovereign & Quasi-sovereign	Malaysia	6.16%

Regional allocation

1 Saudi	26.74%
2 UAE	19.70%
3 Malaysia	10.84%
4 Oman	10.39%
5 Indonesia	9.42%



Sector allocation

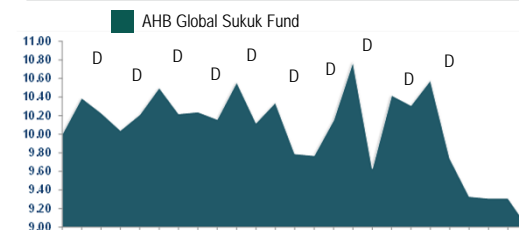
1 Sovereign & Quasi-sovereign	63.95%
2 Transportation & Logistics	12.93%
3 Real Estate	9.58%
4 Financial	2.14%
5 Food and Beverage	2.03%



Fund performance

Performance (net)	Fund
Return (Month)	-1.42%
Return (YTD)	-1.74%
Return (SI) Cumulative	23.63%

Source: Bloomberg



Dividend

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

Monthly performance (net)

2022	September	-2.41%
2022	October	-2.79%
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%

Fund characteristics

Average Coupon	4.25%
Yield to Maturity	5.34%
Duration (years)	7.40

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.