

Al Hilal Global Sukuk Fund



Factsheet – October 2020

NAV per share USD 10.46

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 93.19

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

The portfolio continued to generate positive returns in October despite the weak US Treasury market. The portfolio will stay defensive going into the US election period, with shortened duration profile to mitigate any potential market fluctuations in the run-up to the election.

Market

US Treasuries (UST) retreated across the board in October, with yields rising by 10 to 20 bps across the 5-30 year tenures as risk sentiment improved amidst better economic data and mounting hope for a new fiscal stimulus package ahead of the Nov 3rd US Presidential elections. Yields were also pressured higher as most election polls show that the odds of Joe Biden winning the presidency and Democrats gaining a majority in the Senate have increased significantly. In this "blue wave" election outcome, the US government is widely expected to pass a large stimulus package to accelerate the economic recovery, which may lead to higher UST supply, especially in longer tenures. As a result, the UST yield curve bear steepened, with the benchmark 10-year UST yields climbing 19bps from 0.68% at end-September to a four-month high of 0.87% at end-October. The US economy continued to show further expansion in September with ISM manufacturing index registering readings of 55.4, albeit slightly lower than August's expansion of 56.0. Meanwhile, the ISM non-manufacturing index gained from 56.9 in August to 57.8 in Sept.

During the month, the portfolio participated in the primary issuance of the Qatar Islamic Bank 25 and added exposure to Saudi Electricity, Al-Hilal Bank and Indonesia sovereigns.

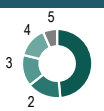
Brent crude oil price pared earlier gains in October as the resurgence of Covid-19 new cases in Europe and other parts of the world hampers demand for oil. Brent price pressed lower towards month-end as Libya ramped up oil production from below 100,000 bpd in September to 800,000 bpd in October and targets to ramp up further to 1.3 million bpd in early 2021. Brent price declined 8.5% m-o-m from USD40.9/bbl to USD37.46/bbl at end October. Moving forward, Brent prices could be supported by news that OPEC+ is considering delaying its planned production increase which was supposed to take effect in Jan 2021 for an extended period, while Saudi and Russia continue to reiterate their commitment to protect oil price recovery. China remains a bright spot for global oil demand, as the authorities raised the quota for use of foreign oil by non-state entities by more than 20% for 2021. Primary sukuk issuances during the month includes Qatar Islamic Bank USD 750mil 5-year sukuk and Emirates of Sharjah USD 250mil re-tap of its existing sukuk maturing in 2029.

Top 5 holdings

#	Name	Sector	Country	Weight
1.	SAUDI ELECTRICITY GLOBAL 5.06% 04/08/2043	Utilities	Saudi	3.56%
2.	SOQ Sukuk A QSC 3.241% 18/01/2023	Sovereign	Qatar	3.10%
3.	DIBUH 2.95 01/16/26	Financial	UAE	3.05%
4.	DPWDU 3 3/4 01/30/30 Corp	Transportation	UAE	3.05%
5.	INDOIS 2.8 06/23/30 Corp	Sovereign	Indonesia	3.05%

Regional allocation

#	Region	Weight
1	UAE	45.73%
2	Indonesia	14.65%
3	Saudi	13.97%
4	Malaysia	13.56%
5	Qatar	6.11%



Sector allocation

#	Sector	Weight
1	Sovereign	38.86%
2	Financial	22.34%
3	Real Estate	14.15%
4	Utilities	13.67%
5	Transportation and Logistics	4.29%



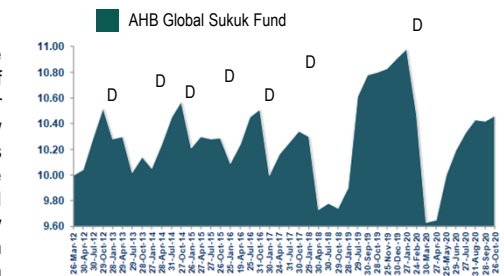
Fund performance

Performance (net)	Fund
Return (Month)	0.38%
Return (YTD)	0.92%
Return (SI) Cumulative	34.32%

Dividend

Date	%
Jan'17	3.82%
Jan'18	3.93%
Jan'20	6.00%

Source: Bloomberg



Monthly performance (net)

Year	Month	Return (%)
2019	October	0.19%
2019	November	0.28%
2019	December	0.74%
2020	January	0.64%
2020	February	0.37%
2020	March	-8.02%
2020	April	0.21%
2020	May	3.63%
2020	June	1.90%
2020	July	1.37%
2020	August	0.97%
2020	September	-0.10%
2020	October	0.38%

Fund characteristics

Average Coupon	3.62%
Yield to Maturity	2.30%
Duration (years)	5.61

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