

Al Hilal Global Sukuk Fund

Factsheet – April 2020

NAV per share USD 9.65

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 50.96

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

Following a correction in March which was in tandem with other asset classes, the Global Sukuk market recovered in April, as sentiment improved following the OPEC+ deal on 12th April. Fresh positive sentiment was also driven by the rally in US Treasuries, reopening of several cities in China following a three-month lockdown, and successful fundraising exercises by Asian and GCC governments. The portfolio continues to remain cautious by selectively shortening duration to reduce the portfolio's sensitivity towards price movements by selling Indois 28, and added EIB 21, Malays 21 and Qatar 23 to the portfolio.

Market

After a volatile month in March, US Treasury (UST) yields were relatively stable in April, with the 10-year notes trading within a narrow band of 0.53-0.77% amid lingering concerns over the Covid-19 crisis. In its latest World Economic Outlook report, the International Monetary Fund (IMF) offered a somber assessment of global growth for 2020, as it projects the Great Lockdown to be the worst recession since the Great Depression in 1930s. UST yields were also buoyed by the US Fed's ongoing bond purchase program, which amounted to over USD 1 trillion purchases of USTs since the emergency plan began in March. On 9th April, the US Fed announced that it was further expanding its bond purchase program to include up to USD 2.3 trillion in loans to aid small and mid-sized businesses, state and local governments, as well as fund the purchases of eligible below-investment grade bonds. M-o-m, UST yields edged lower by 1-5bps across the board led by the shorter tenures, causing the curve to shift slightly lower and bull steepened. During the month, new bonds issued by GCC governments and Asian entities received overwhelming demand, boosting sentiment in Global Sukuk market. Against a challenging backdrop of lower oil prices and prospects of a recession, three GCC governments i.e.

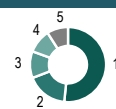
Kingdom of Saudi Arabia, Emirate of Abu Dhabi and State of Qatar successfully printed jumbo deals in the international bond market. The three sovereigns collectively issued USD 24 billion, and commanded overwhelming demand of a staggering USD 143 billion in total, over a span of 7 days: Saudi's USD 7 billion bond issuance with 5, 10 and 40-year maturities attracted total orderbook of USD 54 billion (7.7 times oversubscription rate), while Qatar's USD 10 billion 5, 10 and 30-year bond issuance and Abu Dhabi's USD 7 billion 5, 10 and 30-year bond offering garnered 4.5 times and 6.4 times oversubscription rate respectively. Similarly, Malaysia's national oil producer, Petronas' USD 6.0 billion bond issuance was oversubscribed by 5.9 times. The Indonesian government also joined the fray with a USD 4.3 billion pandemic bond issuance. Proceeds from these bond issuances are intended to part-finance multiple stimulus packages introduced by the respective governments to soften the impact of the pandemic on their economies and the people at large. The high oversubscription rate for the primary issuances signals very strong demand for quality issuers in the GCC and Asia region, with 70-80% reportedly taken up by American and European investors.

Top 5 holdings

#	Name	Sector	Country	Weight
1.	SOQ Sukuk QSC 3.241% 18/01/2023	Sovereign	Qatar	6.11%
2.	MALAYS 4.08 04/27/46	Sovereign	Malaysia	5.08%
3.	INDOIS 4.45 02/20/29	Sovereign	Indonesia	4.56%
4.	SIB SUKUK CO III LTD 3.08 09/08/21	Financial	UAE	4.52%
5.	STCAB 3.89 05/13/29	Communication	Saudi	4.45%

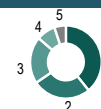
Regional allocation

1	UAE	47.91%
2	Malaysia	16.40%
3	Indonesia	10.77%
4	Saudi	9.49%
5	Qatar	8.33%



Sector allocation

1	Sovereign	38.40%
2	Financial	26.01%
3	Real Estate	20.55%
4	Utilities	8.36%
5	Communication	5.04%



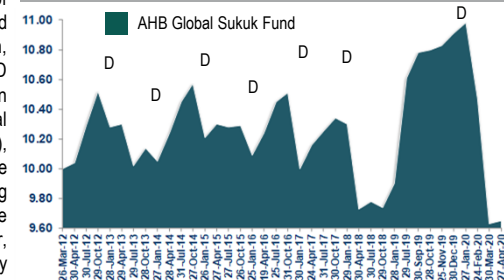
Fund performance

Performance (net)	Fund	Date	%
Return (Month)	0.21%	Jan'17	3.82%
Return (YTD)	-6.90%	Jan'18	3.93%
Return (SI) Cumulative	23.92%	Jan'19	6.00%

Dividend

Date	%
Jan'17	3.82%
Jan'18	3.93%
Jan'19	6.00%

Source: Bloomberg



Monthly performance (net)

2019	April	0.79%
2019	May	0.49%
2019	June	1.85%
2019	July	1.34%
2019	August	1.51%
2019	September	0.09%
2019	October	0.19%
2019	November	0.28%
2019	December	0.74%
2020	January	0.64%
2020	February	0.82%
2020	March	-8.02%
2020	April	0.21%

Fund characteristics

Average Coupon	3.98%
Yield to Maturity	3.58%
Duration (years)	5.46