Al Hilal Global Sukuk Fund

مصرف الهلال
al hilal bank

Factsheet – July 2020

NAV per share USD 10.33

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 64.44

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

Longer dated sukuks were the main contributor to the portfolio's performance during the month as the global low-yield environment enticed investors to reach out to the longer end of the curve in pursuit of additional yield pickup. Additionally, the scarcity of sukuk supply amid summer holidays boosted demand. in the secondary market. Amid this backdrop, the portfolio has added duration risk on selective sukuks that are cheap in valuation with yields that have room to compress further. During the month, the portfolio bought Indois 24, 26, 28 & 30, Malays 26, TNB 26, Sharsk 28, Tabreed 25, while taking profit on EIB 21.

Market

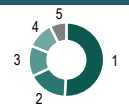
Global Sukuk prices continued to push higher in July, supported by positive demand-supply dynamics as primary sukuk issuances remain light. With global central banks flooding the market with liquidity to cushion the impact of Covid-19 on their economies, demand for Global Sukuk is expected to remain strong, as investors hunt for higher yield from quality issuers. Global Sukuk valuations remain attractive, with ample room for credit spreads to compress, propelling prices higher. During the month, 10-year US Treasury (UST) yields resumed its downward trend, rallying by 13bps m-o-m from 0.65% at end-June to 0.52% at end-July, the lowest level since March, amid growing concerns that a resurgence of Covid-19 infections worldwide may stall the global economic recovery. During the month, shorter tenured UST yields plunged 5-8bps while the longer end rallied 10-21bps led by the longest 30-year notes, causing the yield curve to shift lower and bull flatten. Gains in UST were also driven by rising tension between the US and China, as the world's two biggest economies continue to spar over various allegations that have taken their diplomatic ties to its lowest point in decades. Yields were also anchored by the US Fed's continued pledge to do whatever it takes to support the economy, as policymakers emphasized that the road to recovery to pre-Covid levels will be a long and challenging one. On 8th July, the UK government announced an additional £30 billion economic aid package to help save jobs and inject confidence into the economy. In its quarterly outlook report released on 15th July, the Bank of Japan (BoJ) downgraded its GDP projections for fiscal year (FY) 2020 ending March, from a range of -3.0% to -5.0% projected in April to -4.5% to -5.7% despite some nascent signs of recovery, a reminder that bouncing back from the pandemic remains a daunting task. On 16th July 2020, the European Central Bank (ECB) maintained its main refinancing operations, marginal lending facility and deposit facility rates at 0.00%, 0.25% and -0.50% respectively. The ECB expects rates to stay at current low levels until inflation converges to a level sufficiently close to, but below 2.0%. Brent crude oil prices rose by 5.3% from USD 41.14/bbl at end-June to USD 43.32/bbl at end-July, amid a volatile session in tandem with equity market movements, as investors grappled with a resurgence of Covid-19 cases worldwide and souring diplomatic ties between the US and China.

Top 5 holdings

#	Name	Sector	Country	Weight
1.	SOQ Sukuk A QSC 3.241% 18/01/2023	Sovereign	Qatar	4.80%
2.	MALAYS 4.08 04/27/46	Sovereign	Malaysia	4.31%
3.	INDOIS 4.45 02/20/29	Sovereign	Indonesia	3.77%
4.	STCAB 3.89 05/13/29	Communication	Saudi	3.74%
5.	SIB SUKUK CO III LTD 3.08 09/08/21	Financial	UAE	3.52%

Regional allocation

1	UAE	46.65%
2	Malaysia	15.71%
3	Indonesia	12.46%
4	Saudi	10.80%
5	Qatar	6.55%



Sector allocation

1	Sovereign	40.37%
2	Financial	24.75%
3	Real Estate	17.36%
4	Utilities	9.44%
5	Communication	4.20%

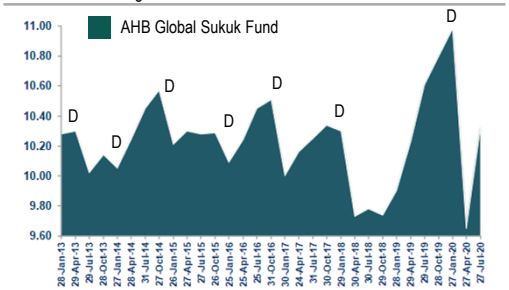
Fund performance

Performance (net)	Fund
Return (Month)	1.37%
Return (YTD)	-0.34%
Return (SI) Cumulative	32.65%

Dividend

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

Source: Bloomberg



Monthly performance (net)

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	0.37%
2020	March	-8.02%
2020	April	0.21%
2020	May	3.63%
2020	June	1.90%
2020	July	1.37%

Fund characteristics

Average Coupon	4.08%
Yield to Maturity	2.63%
Duration (years)	5.67

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