

Al Hilal Global Sukuk Fund



Factsheet – May 2020

NAV per share USD 10.00

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 52.63

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 performed strongly during the month amidst improved optimism as global economies start to reopen gradually. Sentiment was also boosted by the rebound in oil price and broad expectation that major oil producers will agree to extend the current output cuts beyond June.

Market

US Treasuries (UST) remained fairly stable in May, with the 10-year yields trading within a tight range of 0.58-0.74% as lingering downside risks continue to cloud the global growth outlook. This is despite partial reopening of most countries as new Covid-19 infections eased, as well as reports of progress in developing a vaccine for the coronavirus. During the month, demand for safe-haven assets remained well supported as tensions between the US and China heated up again, with President Trump blaming China for its lack of transparency during the early days of the Covid-19 outbreak. Meanwhile, the UST yield curve bear steepened m-o-m as the shorter end of the curve edged lower by 3-5bps amid talks of potential negative interest rates in the US, while yields on the longer end of the curve moved higher following new supply of 20 and 30 year UST, totaling USD 72billion. Brent crude oil continued to recover, posting handsome gains of 39.1% m-o-m from USD 25.39/bbl at end-April to close the month at USD 35.31/bbl as countries around the world eased lockdown restrictions and gradually reopened their economies, coupled with reports that a vaccine may be available in the near term. Since hitting an intraday bottom of USD 15.98/bbl on 22nd

April, Brent crude oil prices have rebounded by 121%. Prices were also buoyed by OPEC+'s production cuts of 9.7 million barrels per day (bpd), which took effect on 1st May. During the month, Saudi Arabia announced that the kingdom is planning to voluntarily cut production in June by an additional 1 million bpd from 8.5 million bpd (per the OPEC+ agreement) to around 7.5 million bpd. Following Saudi's announcement, the UAE and Kuwait followed suit, and announced additional cuts of 100,000 bpd and 80,000 bpd respectively. Meanwhile the Global Sukuk market continued to stage a strong rebound in May, buoyed by improved sentiment and a rally in oil prices. During the month, the Kingdom of Bahrain issued USD 1billion of 4.5-year sukuk and USD 1billion of 10-year conventional bonds, attracting overwhelming demand of USD 11billion orders in total (5.5 times oversubscription rate). The secondary Global Sukuk market continued to be a seller's market in May, as offers were limited amid a lack of new primary sukuk issuances, therefore driving prices higher. After lagging behind the rally in sovereign Sukuk in April, GCC corporate credits rallied strongly in May, driven by improved risk appetite as countries and businesses reopened.

Top 5 holdings

#	Name	Sector	Country	Weight
1.	SOQ Sukuk QSC 3.241% 01/18/23	Sovereign	Qatar	5.70%
2.	MALAYS 4.08 04/27/46	Sovereign	Malaysia	4.61%
3.	INDOIS 4.45 02/20/29	Sovereign	Indonesia	4.43%
4.	STCAB 3.89 05/13/29	Communication	Saudi	4.32%
5.	SIB SUKUK CO III LTD 3.08 09/08/21	Financial	UAE	4.20%

Regional allocation

1	UAE	46.26%
2	Malaysia	15.17%
3	Saudi	11.29%
4	Indonesia	10.37%
5	Qatar	7.76%

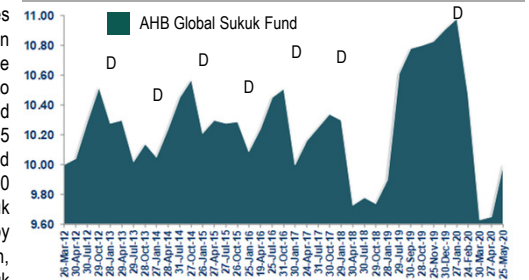
Sector allocation

1	Sovereign	36.20%
2	Financial	26.80%
3	Real Estate	20.39%
4	Utilities	10.18%
5	Communication	4.86%

Fund performance

Performance (net)	Fund	Date	%
Return (Month)	3.63%	Jan'17	3.82%
Return (YTD)	-3.52%	Jan'18	3.93%
Return (SI) Cumulative	28.41%	Jan'20	6.00%

Source: Bloomberg



Monthly performance (net)

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	0.37%
2020	March	-8.02%
2020	April	0.21%
2020	May	3.63%

Fund characteristics

Average Coupon	4.08%
Yield to Maturity	3.18%
Duration (years)	5.49

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