

# Al Hilal Global Sukuk Fund



Factsheet – March 2020

## 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 51.15

## 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

Global sukuk prices fell across the board as investors flock to safety amid surging Covid-19 infections globally and as Brent crude oil prices dipped to USD 22.71/bbl, its lowest level in 18 years. Selling pressure was mainly focused on emerging market

### Market

In March, the rally in US Treasuries (UST) intensified as investors poured into safe haven assets amid surging Covid-19 infections globally, with confirmed cases soaring sharply in Europe and the US. To slow the spread of the virus, many countries are implementing various forms of movement control, including mandatory quarantines, social distancing, non-essential business closures and travel restrictions. With more than a third of the world population under lockdown, economic activities are grinding to a halt, compelling governments and central banks around the world to cut interest rates and unleash unprecedented fiscal and monetary stimulus to cushion the impact. During the month, UST yields rallied by 35-66bps across the board, led by the short-end of the curve, after the US Federal Reserve slashed interest rates by a total of 150bps to 0-0.25%, the lowest since 2008, in two unscheduled emergency meetings. Meanwhile, benchmark 10-year UST yields rallied by 83bps from 1.14% at end-February to historic low of 0.31% on 9th March, before normalizing to close the month at 0.66% (m-o-m 48bps lower, q-o-q 125bps lower). During the month, Brent crude oil prices were fairly stable at around USD 50-53/bbl, before it

sukuk as well as issuers that are highly dependent on oil revenues. During the month, the portfolio reduced its duration to mitigate the sell-off impact by selling Bahrain 27 and SECO 44, while replacing with shorter maturing sukuk such as SIB 21 and SOQ 23.

breached the USD 50/bbl mark to USD 45.50/bbl on 6th March, as OPEC+ members gathered in Vienna to discuss further production cuts amid reduced demand due to the Covid-19 outbreak. Saudi Arabia had pushed for additional production cuts of 1.5 million bpd beginning April until the end of the year, the deepest supply cuts since the global financial crisis, which was conditional upon receiving support from non-OPEC members, including Russia. M-o-m, Brent crude oil prices plunged by 55%, the worst monthly drop in more than two years, from USD 50.50/bbl at end-February to close the month at USD 22.71/bbl, the lowest level in 18 years. Moody's downgraded Oman's sovereign rating from Ba1 to Ba2 and changed the outlook from Negative to Stable. S&P affirmed Saudi Arabia's sovereign credit rating at A- with a Stable outlook, as the Gulf nation's strong net asset-stock position on its fiscal and external balances continues to be a key ratings support. S&P affirmed Malaysia's A- rating and maintained its Stable outlook, given expectations that Malaysia's core credit strengths, including its robust external position and highly credible monetary policy settings, will continue to support the rating following the recent aggressive decline in oil prices and unexpected change in government.

## Top 5 holdings

#	Name	Sector	Country	Weight
1.	MALAYS 4.08 04/27/46	Sovereign	Malaysia	5.51%
2.	SIB SUKUK CO III LTD 3.08 09/08/21	Financial	UAE	4.93%
3.	INDOIS 4.45 02/20/29	Sovereign	Indonesia	4.78%
4.	STCAB 3.89 05/13/29	Communication	Saudi	4.75%
5.	MAFUAE 4.638 05/14/29	Real Estate	UAE	4.69%

## Regional allocation

#	Region	Weight
1	UAE	48.70%
2	Malaysia	14.80%
3	Indonesia	13.68%
4	Saudi	9.94%
5	Qatar	5.32%

## Sector allocation

#	Sector	Weight
1	Sovereign	36.61%
2	Financial	24.21%
3	Real Estate	23.23%
4	Utilities	8.83%
5	Communication	5.40%

NAV per share USD 9.63

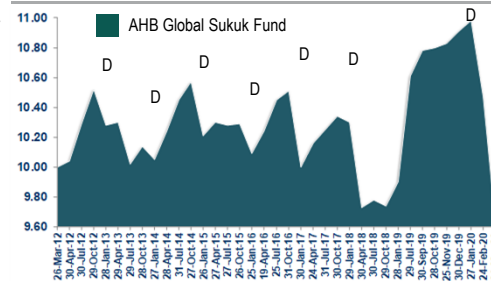
## Fund performance

Performance (net)	Fund
Return (Month)	-8.02%
Return (YTD)	-7.09%
Return (SI) Cumulative	23.66%

## Dividend

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

Source: Bloomberg



## Monthly performance (net)

Year	Month	Performance (%)
2019	March	1.20%
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%

## Fund characteristics

Average Coupon	3.692%
Yield to Maturity	3.71%
Duration (years)	5.38