

# Al Hilal Global Sukuk Fund



Factsheet – November 2020

NAV per share USD 10.56

## 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 104.50

## 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

For further information please contact:

Asset Management Department  
P.O.Box 63111  
Abu Dhabi, UAE  
Tel (Int'l): +971 2 499 4220 | Tel (UAE): 800 66 66 66  
Email: [assetmanagement@alhilalbank.ae](mailto:assetmanagement@alhilalbank.ae)



## Investment commentary

### Portfolio

The outlook for Global Sukuk remains positive as a result of continued fund inflows into Emerging Market assets, which offer higher yields relative to developed markets. Global interest rates are expected to stay low for longer, until there are signs of sustained improvements in the global economy. Following positive vaccine developments, increased logistics, tourism and travel will further drive demand for oil. This augurs well for GCC sukuk, which has seen a strong surge in price in November.

### Market

The 10-year US Treasury (UST) yields started the month on a shaky footing as investors switched between risk-on and risk-off modes amid uncertainties surrounding the US presidential elections, as well as positive vaccine development news. However, UST yields subsequently trended lower, as investors shifted their focus to escalating Covid-19 cases in the US and Europe, which continue to weigh on economic growth prospects. During the month, UST yields plunged by 1-9bps across the board and led by the longest 30-year tenure, causing the yield curve to shift slightly lower and bull flatten. M-o-m, the benchmark 10-year UST yields closed the month 4bps lower from 0.87% at end-October to 0.83% at end-November. Meanwhile, Brent crude oil price recovered from previous month's losses, posting handsome gains of 27.7% m-o-m from USD37.45/bbl at end-October to USD47.84/bbl, driven by positive vaccine development news.

During the month, the portfolio took profit on sukuk which has rallied significantly such as Saudi Telecom 29, Axiata 26 & 30 and TNB 26 & 28. We also took profit on longer dated Malays 45 & 46 sukuk ahead of the correction in US Treasury yields. We swiftly switched into GCC corporate sukuk and primary issuance in the GCC market which offer higher yields, and has since seen a strong surge in price in tandem with rising oil prices. This contributed to the strong portfolio performance in the month of November.

Meanwhile on the demand side, China remains a bright spot for global demand, with authorities raising the quota for use of foreign oil by non-state entities by more than 20% for 2021. As the first major country to rebound from the pandemic, China's economic recovery is expected to outpace other countries. In October, China's retail sales jumped from 3.3% in September to 4.3% y-o-y, as consumers grow more confident about spending as Covid-19 infections are largely under control. On 25<sup>th</sup> November, Moody's upgraded Saudi Electricity Co credit rating from A2 to A1. The rating upgrade reflects Moody's revised assumption of government support from "High" to "Very High", under the methodology for Government-Related Issuers (GRI), in which a proposed new regulatory framework by the government is set to be implemented on 1 January 2021.

## Top 5 holdings

#	Name	Sector	Country	Weight
1.	BHRAIN 3.95 09/16/27 Corp	Sovereign	Bahrain	5.24%
2.	Perusahaan Penerbit SBSN 4.35% 10/09/2024	Sovereign	Indonesia	5.02%
3.	DUBAEE 3 3/4 02/15/26 Corp	Transport and Logistics	UAE	4.79%
4.	KIBKK 2 3/8 11/30/30 Corp	Financial	Kuwait	4.04%
5.	DPWDU 6 PERP	Transport and Logistics	UAE	3.84%

## Regional allocation

1	UAE	54.02%
2	Indonesia	10.85%
3	Saudi	9.85%
4	Kuwait	6.98%
5	Qatar	5.25%



## Sector allocation

1	Sovereign	31.28%
2	Financial	28.02%
3	Transportation and Logistics	14.76%
4	Real Estate	12.25%
5	Utilities	11.53%



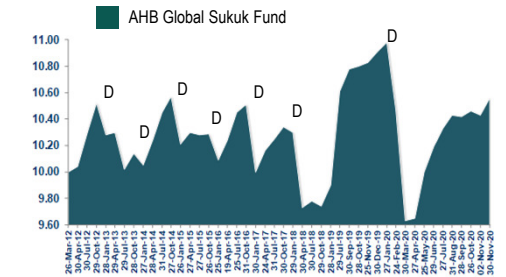
## Fund performance

Performance (net)	Fund
Return (Month)	0.96%
Return (YTD)	1.88%
Return (SI) Cumulative	35.60%

## Dividend

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

Source: Bloomberg



## Monthly performance (net)

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%
2020	November	0.96%

## Fund characteristics

Average Coupon	3.92%
Yield to Maturity	2.50%
Duration (years)	4.64

This material is provided on an information-only basis for investors. The provision of this material and/or reference to specific securities, funds, sectors, or markets within this material does not constitute investment advice, or a recommendation or an offer to buy or to sell any fund or security, or an offer of services by Al Hilal Bank. Investors should consider the investment objectives, risks and expenses of any investment carefully before investing. Performance figures are shown to the last valuation day of the month under review. The performance data quoted represents past performance. Past performance is not an indication of future performance, provides no guarantee for the future, and is not constant over time. Performance returns may increase or decrease as a result of currency fluctuations. For any further information or queries, you may refer to the prospectus of the fund and the term sheet already provided to you or alternatively, you may contact Al Hilal Bank. This material may not be distributed, published, or reproduced, in whole or in part without the express permission of Al Hilal Bank.