

# Al Hilal Global Sukuk Fund



Factsheet – April 2023

NAV per share USD 9.35

## 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 43.10

## 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

After rallying strongly in March, US Treasury (UST) prices fluctuated in April, with the yield curve closing the month mixed. In early April, benchmark 10-year UST yields initially fell from 3.47% at end-March to touch 3.25% on 6<sup>th</sup> April, amid signs that the US labor market may be cooling. However, UST yields rose after the CPI report for March showed that core inflation remains persistently sticky, drawing hawkish remarks from US Fed members. Nevertheless, 10-year UST yields subsequently fell again to close the month at 3.42% (m-o-m 5bps lower), amid renewed concerns over the health of the US

### Market

In early April, buying momentum in the UST market picked up momentum amid weak US ISM and services data, pushing yields lower. Furthermore, JOLTS job openings in Feb were much smaller than expected while nonfarm payrolls slowed from 326,000 in Feb to 236,000 in March, indicating that the US labor market may be cooling. Meanwhile, average hourly earnings grew slightly from 0.2% to 0.3% m-o-m, but fell from 4.6% to 4.2% on a y-o-y basis. Nevertheless, 10-year UST yields subsequently rose to touch 3.64% on 19<sup>th</sup> April, triggered by persistently sticky core inflation data. In March, headline US CPI fell from 6.0% in Feb to 5.0% y-o-y, but core CPI increased from 5.5% to 5.6%, even though shelter costs rose by the slowest pace since Nov. Sentiment continued to be weak despite slower retail sales (down from -0.6% in Feb to -0.8% in March), as US Fed members remained hawkish and emphasized that policymakers still have work to do to tame prices. Nevertheless, 10-year UST yields declined to touch 3.37% on 26<sup>th</sup> April, after reports of financial troubles at First Republic Bank renewed concerns over the health of the US banking system. Furthermore, the Conference

banking sector. M-o-m, 2-5 year UST yields fell by 2-9bps, 7-10 year yields declined by 5-7bps, 20-year yields were flat, while the longest 30-year UST yields rose by 3bps. Nevertheless, Global Sukuk prices climbed as they caught up with the previous UST rally in March, benefitting our portfolio. Meanwhile, primary issuances continued to be very well oversubscribed, e.g. new 10 and 30-year Saudi Electricity (size USD 2bil, BTC 7.75x) and 7-year Bahrain sovereign (size USD 1bil, BTC 6.9x). For the 30-year sukuk, 67% was allocated to European and US investors, signaling strong global demand for GCC credits given the region's positive economic outlook.

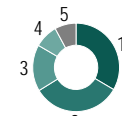
Board Consumer Confidence index sank from 104.0 in March to 101.3 in April (consensus: 104.0), while several housing market indicators were weaker than expected. UST yields fluctuated after core PCE inflation for 1Q23 unexpectedly rose from 4.4% in 4Q22 to 4.9% (consensus 4.7%), while US GDP slowed from 2.6% in 4Q22 to 1.1% in 1Q23 (consensus 1.9%), driven by an acceleration in consumer spending (up from 1.0% to 3.7%), but weighed down by inventory drawdown. Nevertheless, 10-year UST yields fell 10bps on the final trading day to close the month at 3.42%, boosted by the dovish outcome of the Bank of Japan's first meeting under new Governor Ueda. Meanwhile, Brent oil prices rallied from USD 79.77/bbl at end-March to around USD 87/bbl in early April, after OPEC+ cut supply by 1.16 million bpd w.e.f. May until year-end (current cut: 2 million bpd, implemented since Oct). In addition, Russia extended its voluntary cut of 500,000 bpd until end-2023 (total OPEC+ cut: 3.66 million bpd, around 3.7% of global demand). However, Brent prices fell to USD 79.51/bbl at end-April (m-o-m 0.3% lower), pressured by lingering concerns over slower demand.

## Top 5 holdings

#	Name	Sector	Country	Weight
1.	Saudi Electricity 5.500 08/04/44 - GSF	Sovereign & Quasi-sovereign	Saudi	7.69%
2.	SAUDI ELECTRICITY GLOBAL 5.06% 04/08/2043 - GSF	Sovereign & Quasi-sovereign	Saudi	6.28%
3.	INDOIS 3.8 06/23/50 - GSF	Sovereign & Quasi-sovereign	Indonesia	6.09%
4.	OMANGS 4.875 06/15/30 - GSF	Sovereign & Quasi-sovereign	Oman	5.85%
5.	DP World Crescent Ltd 3.908 05/31/23 - GSF	Transportation and Logistics	UAE	5.79%

## Regional allocation

1 UAE	28.75%
2 Saudi	28.34%
3 Indonesia	14.66%
4 Malaysia	7.54%
5 Bahrain	6.86%



## Sector allocation

1 Sovereign & Quasi-sovereign	61.52%
2 Transportation and Logistics	13.38%
3 Real Estate	8.41%
4 Financial	6.96%
5 Transportation & Logistics	4.23%



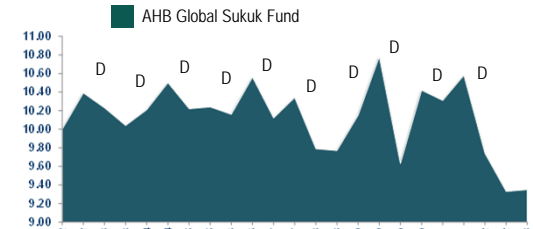
## Fund performance

Performance (net)	Fund
Return (Month)	0.43%
Return (YTD)	1.96%
Return (SI) Cumulative	28.30%

## Dividend

Date	%
Jan'21	2.55%
Jan'22	4.24%

Source: Bloomberg



## Monthly performance (net)

2022	April	-0.92%
2022	May	-1.24%
2022	June	-1.05%
2022	July	-0.11%
2022	August	1.49%
2022	September	-2.41%
2022	October	-2.79%
2022	November	0.66%
2022	December	0.44%
2023	January	1.31%
2023	February	-0.97%
2023	March	1.20%
2023	April	0.43%

## Fund characteristics

Average Coupon	4.11%
Yield to Maturity	4.85%
Duration (years)	7.60

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