

# Al Hilal Global Sukuk Fund

Factsheet – August 2021

NAV per share USD 10.55

## 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 104.60

## 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

In August, Global Sukuk prices were generally higher m-o-m, catching up with the rally in US Treasuries in July, despite some fluctuation in Brent crude oil prices. M-o-m, US Treasury prices softened, triggered by the strong US nonfarm payrolls data for July, with 5-10 year yields climbing by 9bps, while the longer 20 and 30 year yields shifted slightly higher by 5 and 4bps respectively. Nevertheless, US Treasury yields remain broadly supported by the current surge in Delta variant globally. Meanwhile, the primary Global Sukuk market was quiet in August amid the summer break.

### Market

Buying momentum in US Treasuries continued in early August, driving 10-year US Treasury yields 10bps lower from 1.22% at end-July to an intra-day low of 1.12% on 4<sup>th</sup> August. The positive sentiment was supported by weaker-than-expected US ISM manufacturing, which fell from 60.6 in June to 59.5 (consensus 61.0). However, 10-year US Treasury yields subsequently climbed to touch 1.37% on 12<sup>th</sup> August, triggered by strong US nonfarm payrolls data. In July, the US economy created 943,000 new jobs (consensus 870,000), marking the biggest monthly increase since August 2020. The number of jobs added in June was also revised higher from 850,000 to 938,000, pushing the unemployment rate lower from 5.9% in June to 5.4% in July. US Treasury yields were also pressured higher after minutes of the Fed meeting in July showed that most policymakers were in favor to start tapering asset purchases by the end of the year. However, 10-year US Treasury yields tumbled again to around 1.22% in mid-August, after US consumer sentiment unexpectedly plunged from 81.2 to 70.3 in August, the lowest since December 2011 amid growing concerns

During the month, the portfolio sold some lower yielding, shorter tenured Emirates Islamic Bank and Qatar Islamic Bank. We reinvested into higher yielding Indonesian sovereign, effectively lengthening portfolio duration. Top performers during the month include Malays 51, Oman 30, KFH Tier 1 and Indonesia 51. At the recent Jackson Hole symposium, Fed Chairman Powell cautioned that the Delta variant remains a looming threat to the economy, indicating that the Fed may not normalize rates anytime soon. This continues to provide a conducive environment for Global Sukuk to do well, which may drive prices higher.

about the economy, rising inflation and the recent surge in Covid Delta variant. Towards month-end, US Treasury yields climbed to around 1.34%, before closing the month at 1.31% (9bps higher m-o-m). At the Jackson Hole symposium on 27<sup>th</sup> August, Fed Chairman Powell said the US economic recovery has now met the committee's condition of achieving "substantial further progress" for tapering, which may begin before year-end. However, he stressed that the timing and pace of tapering should not be interpreted as a direct signal that the Fed will start to normalize rates, indicating that the committee is not in a rush to remove accommodative policy. Powell also continued to caution that the Delta variant remains a looming threat to the economy. Meanwhile, Brent crude oil prices initially started the month on a weaker note, declining from USD 76.33/bbl to USD 65.18/bbl on 20<sup>th</sup> August as sentiment was dampened by the rise in Delta variant globally. Nevertheless, prices subsequently rebounded to close the month at USD 72.96/bbl (m-o-m -4.4%) amid expectations of tighter supplies, as Hurricane Ida forced US refining and oil production in the Gulf of Mexico to shut down.

## Top 5 holdings

#	Name	Sector	Country	Weight
1.	MAFUAE 3.9325 02/28/30	Real Estate	UAE	6.45%
2.	KFH TIER 1 SUKUK 3.6 12/31/26	Financial	Kuwait	5.80%
3.	Perusahaan Penerbit SBSN 4.35% 10/09/2024	Sovereign & Quasi-sovereign	Indonesia	5.58%
4.	DUBAEE 3 3/4 02/15/26	Transportation and Logistics	UAE	5.26%
5.	DPWDU 6 PERP	Transportation and Logistics	UAE	4.79%

## Regional allocation

1	UAE	49.34%
2	Kuwait	11.79%
3	Saudi	9.35%
4	Oman	8.98%
5	Indonesia	7.93%

## Sector allocation

1	Sovereign & Quasi-sovereign	35.98%
2	Financial	23.82%
3	Real Estate	15.83%
4	Transportation and Logistics	15.73%
5	Utilities	3.51%

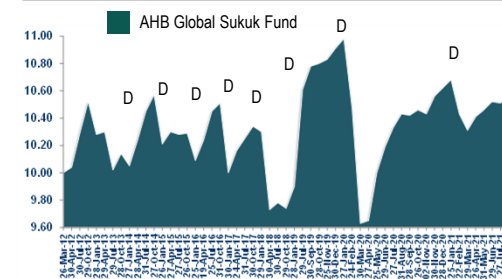
## Fund performance

Performance (net)	Fund
Return (Month)	0.38%
Return (YTD)	1.63%
Return (SI) Cumulative	38.60%

## Dividend

Date	%
Jan'18	3.93%
Jan'20	6.00%
Jan'21	2.55%

Source: Bloomberg



## Monthly performance (net)

2020	August	0.97%
2020	September	-0.10%
2020	October	0.38%
2020	November	0.96%
2020	December	0.57%
2021	January	0.57%
2021	February	-0.09%
2021	March	-1.15%
2021	April	0.97%
2021	May	0.48%
2021	June	0.57%
2021	July	-0.10%
2021	August	0.38%

## Fund characteristics

Average Coupon	4.10%
Yield to Maturity	2.99%
Duration (years)	5.60

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. 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.