

Al Hilal Global Sukuk Fund

Factsheet – August 2023

NAV per share USD 9.14

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 37.24

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

Sentiment in the US Treasury (UST) market was weak in August, driving benchmark 10-year yields higher from 3.96% at end-July to touch 4.36% on 22nd August, after the US Treasury Department raised the size of its quarterly government bond auction for the first time in 2.5 years. UST yields were also pressured higher by stronger-than-expected US retail sales data and hawkish minutes of the US Fed meeting in July, which indicated that more rate hikes may be necessary. Nevertheless, 10-year UST recovered to end the month at 4.11% (m-o-m 15bps higher) on the back of softer US

Market

In early August, 10-year UST yields initially rose from 3.96% at end-July to touch 4.20% on 4th August, after the US Treasury Department said it will sell USD 103 billion of longer-term securities (more than the market expected), and plans to issue more government debt across the maturity spectrum. The announcement came just after Fitch downgraded the US' long-term rating by one notch from AAA to AA+ on 1st August, citing concerns over the government's fiscal health and growing debt burden. Nevertheless, 10-year UST yields fell after US nonfarm payrolls for July came in weaker than expected (187,000 new jobs vs. consensus 200,000; June revised lower from 209,000 to 185,000). Meanwhile in July, US headline CPI rose from 3.0% in June to 3.2% y-o-y. Core CPI fell from 4.8% to 4.7% y-o-y, and recorded the smallest monthly consecutive increase in two years as inflationary pressures continue to subside. Despite the encouraging core CPI data, 10-year UST yields climbed to 4.36% on 22nd August, triggered by poor demand at the 30-year UST bond auction and better-than-expected US retail sales data. At the Jackson Hole Symposium, Fed Chairman Powell

economic data. M-o-m, shorter 2-year yields were little changed, 5-year yields rose 8bps, while longer 7–30-year yields climbed by 13–20bps. Global Sukuk yields rose in tandem with UST movements, even though Brent crude oil prices remained elevated. M-o-m, Brent prices gained 1.5% from USD 85.56/bbl at end-July to USD 86.86/bbl at end-August, largely attributed to a tighter supply market due to Saudi Arabia and Russia's production cuts. In addition, the IEA reported that global oil demand hit a record high of 103 million bpd in June, boosted by strong summer air travel, increased oil use in power generation and surging Chinese petrochemical activity.

said the US central bank is prepared to hike rates further if necessary. He also emphasized that policymakers will remain data dependent and proceed carefully as they assess incoming data and the evolving outlook and risks. Towards month-end, 10-year UST yields fell to close the month at 4.11% (m-o-m 15bps higher), as a series of weak US economic data e.g. consumer confidence and JOLTS job openings reinforced investors' expectations of a potential pause in rate hikes. Furthermore, the second reading of US Q2023 annualized GDP was revised lower from 2.4% to 2.1% q-o-q (consensus 2.4%), as more subdued business investment than initially reported outweighed slightly stronger consumer spending. Meanwhile, Brent crude oil prices traded within a narrow band of USD 82-88/bbl (m-o-m up 1.52% to USD 86.86/bbl), largely driven by prospects of a tighter supply market after Saudi Arabia and Russia extended oil production cuts by another month until end-September. Brent prices were also supported by expectations of improving oil demand from China, after Beijing announced various stimulus measures to revive the property sector and lift consumption.

Top 5 holdings

#	Name	Sector	Country	Weight
1.	Saudi Electricity 5.500 08/04/44 - GSF	Sovereign & Quasi-sovereign	Saudi	8.47%
2.	SAUDI ELECTRICITY GLOBAL 5.06% 04/08/2043 - GSF	Sovereign & Quasi-sovereign	Saudi	6.92%
3.	INDOIS 3.8 06/23/50 - GSF	Sovereign & Quasi-sovereign	Indonesia	6.67%
4.	OMANGS 4.875 06/15/30 - GSF	Sovereign & Quasi-sovereign	Oman	6.62%
5.	MAFUAE 3.9325 02/28/30 - GSF	Real Estate	UAE	6.34%

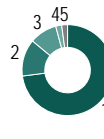
Regional allocation

1 Saudi	30.15%
2 UAE	19.63%
3 Indonesia	16.09%
4 Malaysia	11.96%
5 Bahrain	8.48%



Sector allocation

1 Sovereign & Quasi-sovereign	71.28%
2 Transportation & Logistics	12.87%
3 Real Estate	9.53%
4 Financial	2.12%
5 Food and Beverage	2.01%



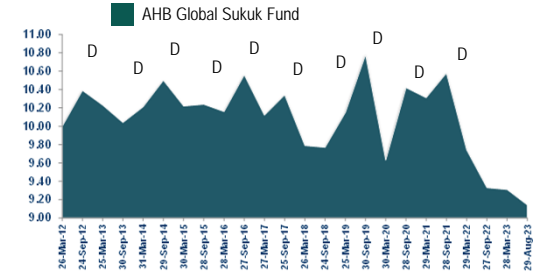
Fund performance

Performance (net)	Fund
Return (Month)	-1.61%
Return (YTD)	-0.33%
Return (SI) Cumulative	25.42%

Dividend

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

Source: Bloomberg



Monthly performance (net)

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%
2023	May	-1.07%
2023	June	0.65%
2023	July	-0.21%
2023	August	-1.61%

Fund characteristics

Average Coupon	4.29%
Yield to Maturity	5.32%
Duration (years)	8.32

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