

Al Hilal Global Sukuk Fund

Factsheet – December 2021

NAV per share USD 10.54

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 92.74

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 towards end-November, benchmark 10-year US Treasury prices pared gains in December, with yields rising by 7bps from 1.44% at end-November to close the month at 1.51%, as early reports show that the new Omicron variant is less severe than expected. Meanwhile, in line with market expectations, the US Fed announced that it will double the pace of tapering from USD 15bil to USD 30mil a month, starting December. This puts the committee on track to conclude the tapering process in March 2022, and allow it to begin normalizing interest rates soon. In its updated projections, the

Market

In early December, 10-year US Treasury yields plummeted by 11bps from 1.44% at end-November to 1.33% on 3rd December, triggered by weak US nonfarm payrolls despite strong ISM manufacturing and services data. In November, the US economy added only 210,000 new jobs, significantly missing consensus estimates of 550,000 (October revised higher from 531,000 to 546,000). Average hourly earnings growth was also lower than expected (4.8% vs. consensus 5.0%, October 4.8%). Nevertheless, 10-year US Treasury yields subsequently rose amid reports that the new Omicron variant is less severe than anticipated. In November, headline US CPI rose from 6.2% in October to 6.8%, marking the biggest y-o-y increase since June 1982. Nonetheless, the CPI print was in line with expectations, easing concerns that the Fed may need to normalize rates faster to tame rising prices, therefore pushing US Treasury yields lower. On 15th December as widely anticipated, the US Fed announced that it will double the pace of tapering from USD 15bil to USD 30bil a month, therefore shifting the expected tapering completion date from mid-2022 to March 2022. The committee also signaled that it may

US Fed signaled up to three potential rate hikes in 2022 to combat surging inflation. Despite this, market reaction was fairly muted, as the impact had already been priced in. M-o-m, the US Treasury curve shifted slightly higher, with shorter 1-5-year yields rising by 10-17bps (7-20year up by 6-7bps, 30year up by 11bps). GCC sukuk prices were mixed despite the recovery in oil prices, as liquidity was thin ahead of year-end. Moving forward, the market may continue to fluctuate amid lingering uncertainties over Covid-19. We look to maintain a neutral duration profile, as well as our overall overweight stance in GCC sukuk due to the region's bright economic outlook.

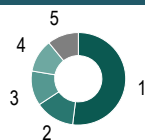
normalize interest rates by three times in 2022, citing positive economic developments. Meanwhile, the Fed revised its 2021 growth projections lower from 5.9% in September to 5.1%, but raised its forecast for 2022 from 3.8% to 4.0%. On inflation, the Fed sharply revised its forecast higher for 2021 from 4.2% to 5.3% (2022: from 2.2% to 2.6%), citing continued supply chain disruptions. Following the Fed meeting, 10-year US Treasury yields fell to touch 1.35% on 20th December, but subsequently trended higher to close the month at 1.51% as concerns over the Omicron variant dissipated, despite surging infections globally. Meanwhile, Brent crude oil prices rebounded by 10.4% from USD 70.57/bbl at end-November to USD 77.94/bbl at end-December. On 2nd December, OPEC+ announced that it will increase oil production by 400,000 bpd in January 2022, as scheduled earlier. The committee also revised higher its global oil demand for 1Q22 by 1.1mil bpd to 99.13mil bpd, as the Omicron variant is expected to be mild. The outlook for global oil demand is expected to be brighter in 2022, with total demand projected to surpass pre-pandemic levels of 100mil bpd in 3Q22.

Top 5 holdings

#	Name	Sector	Country	Weight
1.	MAFUAE 3.9325 02/28/30	Real Estate	UAE	7.24%
2.	OMANGS 4.875 06/15/30	Sovereign & Quasi-sovereign	Oman	6.54%
3.	Perusahaan Penerbit SBSN 4.35% 10/09/2024	Sovereign & Quasi-sovereign	Indonesia	6.28%
4.	DUBAEE 3 3/4 02/15/26	Transportation and Logistics	UAE	5.84%
5.	OILGAS 5 1/4 04/08/29	Sovereign & Quasi-sovereign	Bahrain	5.06%

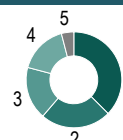
Regional allocation

1	UAE	43.96%
2	Kuwait	11.54%
3	Oman	10.29%
4	Saudi	9.76%
5	Indonesia	9.11%



Sector allocation

1	Sovereign & Quasi-sovereign	34.69%
2	Financial	22.28%
3	Real Estate	16.66%
4	Transportation and Logistics	15.36%
5	Utilities	3.96%



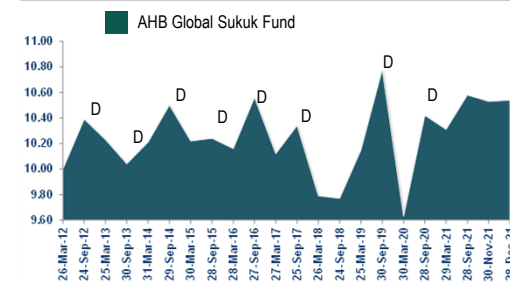
Fund performance

Performance (net)	Fund
Return (Month)	0.10%
Return (YTD)	1.54%
Return (SI) Cumulative	38.47%

Dividend

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

Source: Bloomberg



Monthly performance (net)

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%
2021	September	0.28%
2021	October	-0.28%
2021	November	-0.19%
2021	December	0.10%

Fund characteristics

Average Coupon	4.08%
Yield to Maturity	3.18%
Duration (years)	5.23

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