

Al Hilal Global Sukuk Fund



Factsheet – February 2024

NAV per share USD 9.39

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 34.28

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



Investment commentary

Portfolio

In February, US Treasury (UST) yields climbed across the board, as investors continued to reassess their expectations of multiple rate cuts in 2024, taking cue from the US Fed's cautious tone about cutting rates too early during their FOMC meeting on 31st January. Furthermore, US economic data during the month e.g. inflation and labor market indicators came in stronger than expected, validating the US Fed's view that the committee can afford to be patient in deciding when to cut rates. Sentiment was also dented by large UST auction sizes during the month, pushing yields higher. M-o-m,

Market

In early February, 10-year UST yields climbed from 3.91% at end-January to around 4.17%, after US economic data surprised on the upside. In January, US ISM manufacturing jumped from 47.1 in December to 49.1 (consensus 47.2), the highest in 15 months; while ISM services expanded from 50.5 to 53.4 (consensus 52.0), bolstered by a pickup in orders and employment. Similarly, nonfarm payrolls surprised on the upside (up from 333,000 to 353,000 vs. consensus 185,000), with average hourly earnings rising from 0.4% to 0.6% m-o-m (y-o-y up from 4.3% to 4.5% vs. consensus 4.1%), defying expectations of a cooling labor market. Subsequently, 10-year UST yields continued to be pushed higher to touch 4.35% on 23rd February after US CPI came in hotter than anticipated, compelling investors to reassess their expectations that the US Fed may begin cutting rates as early as March. In January, US headline CPI rose from 0.2% in December to 0.3% m-o-m, while core CPI edged higher from 0.3% to 0.4% m-o-m, mainly driven by shelter costs, which rose by the steepest pace since early 2023. US PPI also gained, fueled by a jump in cost of services. During the month,

benchmark 10-year UST yields rose from 3.91% at end-January to touch 4.35%, before settling at 4.25% at end-February (34bps higher m-o-m). Meanwhile, Global Sukuk prices remained relatively resilient, supported by rising oil prices. The primary market continued to be active, with most new sukuk oversubscribed by 3-4x. Notable issuances include Bahrain sovereign, Saudi Electricity, Mazoon (Oman's electricity distribution company) and Saudi Public Investment Fund (8x oversubscribed). The portfolio participated in some of these new issuances, benefitting from the higher coupon.

sentiment was also dampened by hawkish Fed speak. US Fed members continued to emphasize the need to be patient before deciding to cut rates given the resilience of the US economy, while maintaining that rate cuts in 2024 remain on the cards. Meanwhile, 4Q23 US GDP was revised slightly lower from 3.3% q-o-q to 3.2% (3Q23: 4.9%) due to a downward revision in inventories, despite an upward revision in personal consumption. However, the latest Conference Board Consumer Confidence index tumbled from 110.9 in January to 106.7 in February, as Americans' views about the outlook for the economy, the job market and financial conditions deteriorated, which may adversely affect their spending power in the months ahead. Towards month-end, 10-year UST yields fell to settle at 4.25% (34bps higher m-o-m), after US PCE inflation data matched expectations. Meanwhile, Global Sukuk prices remained relatively resilient, supported by rising oil prices. M-o-m, Brent crude oil prices rebounded by 2.3% m-o-m to USD 83.62/bbl at end-February, lifted by prospects of improved oil demand after China cut its key mortgage rate by 25bps to 3.95%.

Top 5 holdings

#	Name	Sector	Country	Weight
1.	Saudi Electricity 5.500 08/04/44 - GSF	Sovereign & Quasi-sovereign	Saudi	9.25%
2.	MALAYS 2.07 04/28/31 - GSF	Sovereign & Quasi-sovereign	Malaysia	6.83%
3.	NBAD_OTELSU 5 3/8 01/24/31 - GSF	Telecommunication	Oman	5.77%
4.	BHRAIN 4 1/2 03/30/27 - GSF	Sovereign & Quasi-sovereign	Bahrain	5.63%
5.	SAUDI ELECTRICITY GLOBAL 5.06% 04/08/2043 - GSF	Sovereign & Quasi-sovereign	Saudi	5.47%

Regional allocation

1 Saudi	23.52%
2 UAE	17.32%
3 Indonesia	13.58%
4 Oman	10.58%
5 Bahrain	9.34%



Sector allocation

1 Sovereign & Quasi-sovereign	55.35%
2 Financial	10.32%
3 Real Estate	9.94%
4 Telecommunication	5.77%
5 Transportation & Logistics	5.07%



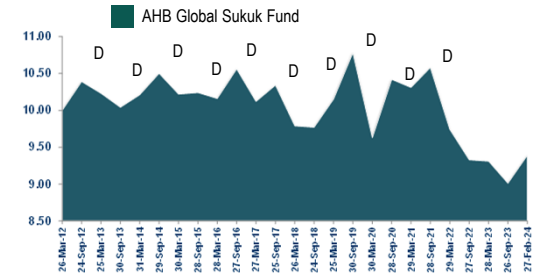
Fund performance

Performance (net)	Fund
Return (Month)	0.21%
Return (YTD)	-1.16%
Return (SI) Cumulative	28.85%

Dividend

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

Source: Bloomberg



Monthly performance (net)

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%
2023	September	-1.42%
2023	October	-3.44%
2023	November	3.45%
2023	December	5.56%
2024	January	-1.37%
2024	February	0.21%

Fund characteristics

Average Coupon	3.73%
Yield to Maturity	4.20%
Duration (years)	5.07

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