

Al Hilal Global Sukuk Fund



Factsheet – July 2021

NAV per share USD 10.51

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 104.86

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

In July, the Global Sukuk market was mixed, as trading activities slowed due to the long Eid al-Adha holiday in the GCC region. During the month, US Treasury prices continued to rally, driven by a flight to safety amid weaker than expected US economic data, coupled with concerns about the rapid spread of the Delta variant globally. M-o-m, 5-30 year US Treasury yields sank by 19-24bps, flattening the curve further. Some GCC sukuk prices rose in tandem, albeit by a smaller quantum due to fluctuations in Brent oil prices and a quieter market due to the holiday season. Similarly, after a lively

primary Global Sukuk market in June, new issuances took a breather in July. Notable issuances include Emirate of Sharjah's USD 750mil sukuk and Dukhan Bank's (Qatar) USD 500mil Tier 1 sukuk, which were well oversubscribed. During the month, the portfolio sold some lower yielding, shorter tenured Saudi Electricity and reinvested into Malaysia sovereign and Saudi Telecom sukuk, effectively lengthening portfolio duration. Overall, the portfolio continues to overweight corporate sukuk over sovereigns for the additional yield pickup.

Market

After rallying strongly in June, buying momentum in US Treasuries continued in July, driven by concerns over a surge of Covid-19 Delta variant cases globally, increased tensions between the US and China, as well as softer US economic data. In early July, benchmark 10-year US Treasury yields dipped by 18bps from 1.47% at end-June to 1.29% on 8th July, triggered by weaker-than-expected US ISM manufacturing data, which fell from 61.2 in May to 60.6 in June (consensus 60.9) as logistics challenges, elevated commodities prices and shortages of various supplies continue to pressure manufacturers. Meanwhile, US nonfarm payrolls climbed by 850,000 in June, the most ten months, higher than the 583,000 jobs recorded in May. While the total jobs created was higher than consensus expectations of 720,000, the data indicated that the economy may not be strengthening as quickly as initially anticipated. Subsequently, 10-year US Treasuries pared gains to touch 1.40% on 13th July following higher than expected US CPI (actual 5.4% vs. consensus 4.9%, May 5.0%), before resuming its rally in mid-July. 10-year yields plummeted by 27bps to 1.13% on 20th July, the lowest level since

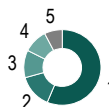
February as Covid-19 cases soared globally, prompting renewed lockdowns in some parts of the world. Towards month-end, yields subsequently normalized to around 1.30%, and traded sideways before closing the month at 1.22% (m-o-m 25bps lower) after the US Fed reiterated that the labor market still has "a ways to go" before "substantial progress" in the economic recovery is achieved. In 2Q21, the US economy grew by an annualized 6.5% q-o-q, significantly trailing consensus expectations of 8.4%. Growth was driven by an 11.8% increase in personal expenditures, but offset by lagging property investments and inventory drawdowns. Meanwhile, Brent oil prices declined from USD 75.13/bbl at end-June to touch an intra-day low of USD 67.44/bbl on 20th July, before rebounding to close the month at USD 76.33/bbl (+1.6% m-o-m). On 18th July, OPEC+ announced that it will increase oil production by 400,000 bpd from August to December 2021, and aims to fully phase out cuts by around September 2022. The committee also agreed on new output quotas for several members from May 2022, including the UAE, Saudi Arabia, Russia, Kuwait and Iraq.

Top 5 holdings

#	Name	Sector	Country	Weight
1.	MAFUAE 3.9325 02/28/30	Real Estate	UAE	6.37%
2.	KFH TIER 1 SUKUK 3.6 12/31/26	Financial	Kuwait	5.78%
3.	Perusahaan Penerbit SBSN 4.35% 10/09/2024	Sovereign & Quasi-sovereign	Indonesia	5.56%
4.	DUBAEE 3 3/4 02/15/26	Transportation and Logistics	UAE	5.21%
5.	DPWDU 6 PERP	Transportation and Logistics	UAE	4.79%

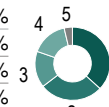
Regional allocation

1	UAE	50.63%
2	Kuwait	12.28%
3	Saudi	10.34%
4	Oman	8.96%
5	Bahrain	5.56%



Sector allocation

1	Sovereign & Quasi-sovereign	33.43%
2	Financial	26.72%
3	Real Estate	15.72%
4	Transportation and Logistics	15.71%
5	Utilities	3.53%



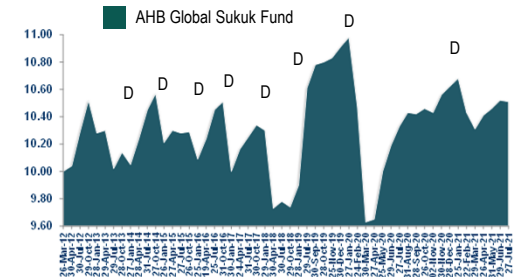
Fund performance

Performance (net)	Fund
Return (Month)	-0.10%
Return (YTD)	1.25%
Return (SI) Cumulative	38.07%

Dividend

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

Source: Bloomberg



Monthly performance (net)

2020	July	1.37%
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%

Fund characteristics

Average Coupon	4.05%
Yield to Maturity	2.94%
Duration (years)	5.28

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