

Al Hilal Global Sukuk Fund

Factsheet – July 2023

NAV per share USD 9.29

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 38.82

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

During the month, US Treasury (UST) prices weakened, with benchmark 10-year yields rising 12bps m-o-m from 3.84% at end-June to 3.96% at end-July, as movements continued to be driven by US economic data. M-o-m, the UST yield curve bear steepened, with the shorter 2 and 5-year UST yields little changed, while 7-30 year yields rose by 8-15bps. In line with expectations, the US Fed raised rates by 25bps to 5.25%-5.50% on 26th July, and said future monetary policy decisions will remain data dependent. Nevertheless, the US Fed is widely expected to be nearing the end of its rate hiking

Market

In early July, 10-year UST yields rose from 3.84% at end-June to touch 4.09% on 7th July, driven by strong ADP employment and ISM services data. Furthermore, minutes of the US Fed meeting in June showed that while policymakers agreed to pause rate hikes, "almost all" members concurred that more tightening may be necessary this year. UST yields continued to be pressured higher even though nonfarm payrolls declined from 306,000 in May to 209,000 in June (consensus 230,000), as average hourly earnings remained firm at 4.4% y-o-y (consensus 4.2%). Nevertheless, 10-year UST yields subsequently plummeted to 3.72%, after US inflation data notably slowed, cementing expectations that the US Fed may be nearing the end of its rate hiking cycle. In June, US headline CPI fell from 4.0% in May to 3.0% y-o-y, the lowest in more than two years, while core CPI slowed from 5.3% to 4.8% y-o-y. Moreover, the US Fed's Beige Book report outlined that the economy is losing momentum, with slow growth seen continuing in the coming months. In June, US retail sales dropped from 0.5% (revised higher from 0.3%) in May to 0.2% m-o-m, while industrial production stagnated. On 26th July as

inflation has slowed considerably. Meanwhile, GCC sukuk prices were largely insulated from UST weakness in July, supported by rising oil prices. Brent oil prices jumped 14% from USD 74.90/bbl at end-June to USD 85.56/bbl at end-July, driven by signs of tightening global supply and stable demand through the rest of this year. During the month, new issuances in the Global Sukuk space continued to be strongly oversubscribed, despite a seasonally quieter month due to summer holidays. Notable issuances include USD 750mil Almarai, USD 600mil Dar Al-Arkan and USD 750mil Abu Dhabi Islamic Bank (ADIB) Tier 1 sukuk.

widely anticipated, the US Fed raised rates by 25bps to 5.25%-5.50%, and said future monetary policy decisions will remain data dependent. UST yields were fairly stable following the Fed meeting, but jumped after US GDP grew more than expected in 2Q23, from 2.0% in 1Q23 to 2.4% q-o-q (consensus 1.8%). Nevertheless, 10-year UST recovered to close the month at 3.96% (m-o-m 12bps higher), boosted by slowing US PCE inflation data. Meanwhile, Brent prices jumped 14% m-o-m to USD 85.56/bbl at end-July, the highest since April, bolstered by signs of a tightening supply market after Saudi Arabia announced that it will extend July's oil production cut of 1 million bpd for another month until end-August. Similarly, Russia will also voluntarily reduce production by additional 500,000 bpd in August. Brent prices were also supported by prospects of stable demand through the year, after the IMF upgraded its 2023 global growth projection from 2.8% in April to 3.0%, led by an upward revision in US and the Eurozone. Sentiment was also bolstered by prospects of improving oil demand from China, after the government pledged more stimulus measures to boost economic activity.

Top 5 holdings

#	Name	Sector	Country	Weight
1.	Saudi Electricity 5.500 08/04/44 - GSF	Sovereign & Quasi-sovereign	Saudi	8.32%
2.	SAUDI ELECTRICITY GLOBAL 5.06% 04/08/2043 - GSF	Sovereign & Quasi-sovereign	Saudi	6.81%
3.	INDOIS 3.8 06/23/50 - GSF	Sovereign & Quasi-sovereign	Indonesia	6.71%
4.	OMANGS 4.875 06/15/30 - GSF	Sovereign & Quasi-sovereign	Oman	6.43%
5.	MAFUAE 3.9325 02/28/30 - GSF	Real Estate	UAE	6.15%

Regional allocation

1 Saudi	29.47%
2 UAE	19.59%
3 Indonesia	16.07%
4 Malaysia	10.91%
5 Bahrain	8.22%



Sector allocation

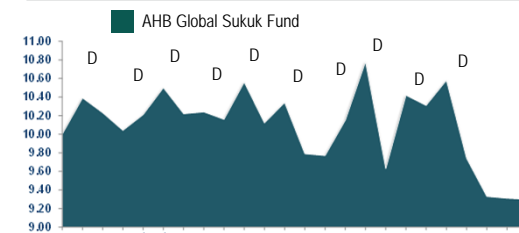
1 Sovereign & Quasi-sovereign	69.18%
2 Transportation & Logistics	13.02%
3 Real Estate	9.21%
4 Financial	2.04%
5 Food and Beverage	1.91%



Fund performance

Performance (net)	Fund
Return (Month)	-0.21%
Return (YTD)	1.31%
Return (SI) Cumulative	27.48%

Source: Bloomberg



Dividend

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

Monthly performance (net)

2022	July	-0.11%
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%

Fund characteristics

Average Coupon	4.17%
Yield to Maturity	5.01%
Duration (years)	8.19

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