

Al Hilal Global Sukuk Fund

Factsheet – June 2022

NAV per share USD 9.43

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 55.19

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

After rallying towards end-May, the US Treasury market reversed course, with 10-year yields moving higher in mid June. This was fueled by expectations that the US Fed may raise rates by a larger quantum in June, after US headline inflation recorded a fresh 40-year high. On 15th June, the US Fed raised rates by 75bps, the most since 1994, to 1.50-1.75%. Nevertheless, 10-year US Treasury yields subsequently plunged sharply on flight to safety, amid growing concerns that the US Fed's aggressive monetary tightening may induce an economic recession. During the month, the shortest 1 and

Market

In early June, 10-year US Treasury yields marched higher from 2.84% at end-May to touch 3.50% on 14th June, after US headline CPI rose from 8.3% y-o-y in April to 8.6% in May, squashing earlier expectations that inflation may have peaked. Furthermore, the Uni. of Michigan consumer sentiment report showed that consumers now expect inflation to continue rising over the next five to ten years. The market reacted by pricing in a steeper 75bp rate increase ahead of the US Fed meeting on 15th June, pushing yields higher. In line with broad market expectations, the US Fed delivered a 75bp hike to 1.50-1.75%, and indicated that a 50bp or 75bp increase in July is possible. The US Fed's revised dot plots also indicates a faster pace of hikes to a median rate of 3.40% in 2022 (vs. 1.90% in March), and 3.80% in 2023 (March 2.80%). In addition, the committee also significantly downgraded its growth projections for 2022 from 2.8% in March to 1.7% (2023: from 2.2% to 1.7%); while revising its PCE inflation forecast higher from 4.3% to 5.2% for 2022. Meanwhile, the US economy created 390,000 new jobs in May (consensus 318,000; April revised higher from 428,000 to 436,000), while average hourly

2-year US Treasury yields jumped the most by 40-71bps, while 10-30-year yields climbed by 14-17bps, causing the curve to bear flatten and shift higher. GCC sukuk prices corrected in tandem with US Treasuries in early June, but lagged the subsequent US Treasury rally as sentiment was dampened by declining oil prices. During the month, we traded high-beta Malaysian sovereign sukuk for additional alpha. As the market may continue to fluctuate over the near term, we look to maintain our neutral portfolio duration, while remaining overweight in the GCC as the region remains the prime beneficiary of elevated oil prices.

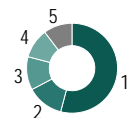
earnings dipped from 5.5% y-o-y to 5.2%. Nevertheless, 10-year US Treasury yields subsequently tumbled to close the month at 3.01% (m-o-m 17bps higher), driven by mounting concerns that the US Fed's aggressive monetary tightening may cause a recession, despite policymakers' assurance that a soft landing is still possible. In June, the final reading of the Uni. of Michigan consumer sentiment index collapsed from 58.4 to 50.0, the lowest on record, as soaring inflation continues to erode household income. US retail sales also weakened from 0.7% in April to -0.3% in May, signaling that the main driver of the US economy may be slowing down. Meanwhile, Brent oil prices declined by 6.5% from USD 122.84/bbl at end-May to USD 114.88/bbl at end-June, amid concerns that slowing global growth may dampen oil demand. On 29th June, OPEC+ ratified a 648,000 bpd supply increase for July and August, restoring the final tranche of the 9.7million bpd supply cut in 2020. According to a Reuter's survey, OPEC's oil production fell by 100,000 bpd in June (vs. scheduled increment of 274,000 bpd), as declines in Nigeria and Libya offset increases by Saudi and other large producers.

Top 5 holdings

#	Name	Sector	Country	Weight
1.	KIBKK 2 3/8 11/30/25 Corp - GSF	Financial	Kuwait	5.89%
2.	DPWDU 4.848 09/26/28 - GSF	Transportation and Logistics	UAE	5.43%
3.	TABRED 5 1/2 10/31/25 - GSF	Sovereign & Quasi-sovereign	UAE	5.18%
4.	DPWDU 6 PERP - GSF	Transportation and Logistics	UAE	5.04%
5.	MAF Sukuk Ltd 4.5% 03/11/2025	Real Estate	UAE	4.55%

Regional allocation

1 UAE	47.50%
2 Saudi	11.50%
3 Kuwait	10.50%
4 Indonesia	9.40%
5 Oman	8.98%



Sector allocation

1 Sovereign & Quasi-sovereign	33.49%
2 Transportation and Logistics	17.70%
3 Real Estate	17.65%
4 Financial	15.44%
5 Utilities	4.55%



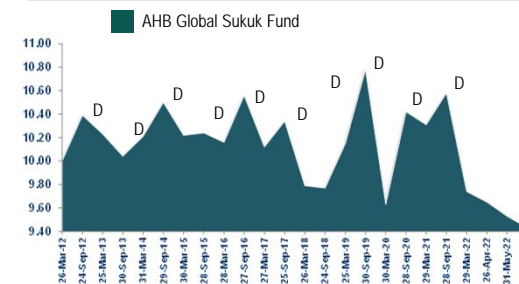
Fund performance

Performance (net)	Fund
Return (Month)	-1.05%
Return (YTD)	-6.55%
Return (SI) Cumulative	29.40%

Dividend

Date	%
Jan'20	6.00%
Jan'21	2.55%
Jan'22	4.24%

Source: Bloomberg



Monthly performance (net)

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%
2022	January	-0.95%
2022	February	-0.76%
2022	March	-1.81%
2022	April	-0.92%
2022	May	-1.24%
2022	June	-1.05%

Fund characteristics

Average Coupon	4.07%
Yield to Maturity	4.84%
Duration (years)	4.37

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