

# Al Hilal Global Sukuk Fund



Factsheet – May 2021

NAV per share USD 10.46

## 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 110.03

## 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 May, the Global Sukuk market continued to recover, supported by stable US Treasury yields amid mixed US economic data, despite some less dovish remarks from several US Fed members. Global Sukuk prices were also buoyed by rising Brent crude oil prices during the month, amid expectations of a faster economic recovery in the US given the rapid rate of vaccination, and optimism surrounding the comeback of fuel demand in US, China and parts of Europe.

Meanwhile, the primary Global Sukuk market continued to pick up in May, with notable issuances being Dua Capital (Khazanah, Malaysia's sovereign wealth fund). During the month, the portfolio added its holdings in Bahrain sovereign sukuk for its enhanced yield. The portfolio continues to overweight corporate sukuk over sovereigns for the additional yield pickup, while keeping the duration relatively low amidst current market volatility.

### Market

Following the strong rally in April, 10-year UST yields remained fairly stable in May, trading within a tight range of 1.55-1.70%. This was due to mixed US economic data, despite less dovish comments from some US Fed members. Amid the recovery made in the US economy so far, several policymakers expressed openness to begin tapering their quantitative easing program in the upcoming meetings, while some remained cautious about the downside risks to growth. With the exception of the 20-year UST yields which rose by 2bps, other tenures ended the month 1-5bps lower, with the benchmark 10-year UST yields closing the month 4bps lower from 1.63% at end-April to 1.59% at end-May. In early May, 10-year UST briefly plummeted to touch an intraday low of 1.46% on 7<sup>th</sup> May, triggered by a much smaller-than-expected US jobs gain in April, before closing the day at 1.57%. In April, US nonfarm payrolls rose by only 266,000 (consensus 1 million, March revised lower from 916,000 to 770,000), as employers face hiring challenges as well as supply chain disruptions and higher costs.

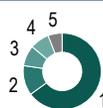
On 12<sup>th</sup> May, 10-year UST weakened to touch 1.70%, the highest in a month, after US headline CPI surged more than expected, from 2.6% in March to 4.2% (consensus 3.6%), before reversing following weak US retail sales. Subsequently, 10-year UST yields drifted higher to 1.68% following less dovish US Fed meeting minutes for April, before rallying to close the month at 1.59%. Meanwhile, following a +5.8% recovery in April, Brent crude oil prices continued to rise from USD 67.26/bbl in April to touch USD 70.24/bbl on 18<sup>th</sup> May amid expectations of higher oil demand in the US, China and parts of Europe as vaccinations increase. In the US, the number of passengers at airports jumped to the highest level since the pandemic began, a sign of revival in domestic travel that is driving demand for jet fuel in a post-pandemic era. However towards month-end, Brent crude oil prices fell below the USD 65/bbl mark as investors braced for prospects of more Iranian crude flows as the nation inches closer to a revived nuclear deal, before rebounding to close the month at USD 68.98/bbl (+2.8% m-o-m) as investors focused on the brighter oil demand outlook.

## Top 5 holdings

#	Name	Sector	Country	Weight
1.	Perusahaan Penerbit SBSN 4.35% 10/09/2024	Sovereign & Quasi-sovereign	Indonesia	7.18%
2.	DPWDU 6 PERP	Transport and Logistics	UAE	6.77%
3.	MAFUAE 3.9325 02/28/30	Real Estate	UAE	6.10%
4.	SHARJAH GOVT SUKUK 17/09/2024	Sovereign & Quasi-sovereign	UAE	6.02%
5.	DUBAEE 3 3/4 02/15/26	Transport and Logistics	UAE	4.99%

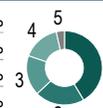
## Regional allocation

1	UAE	58.51%
2	Indonesia	11.31%
3	Saudi	7.85%
4	Kuwait	7.21%
5	Bahrain	5.26%



## Sector allocation

1	Sovereign & Quasi-sovereign	40.24%
2	Financial	20.66%
3	Transportation and Logistics	16.96%
4	Real Estate	15.68%
5	Utilities	3.35%



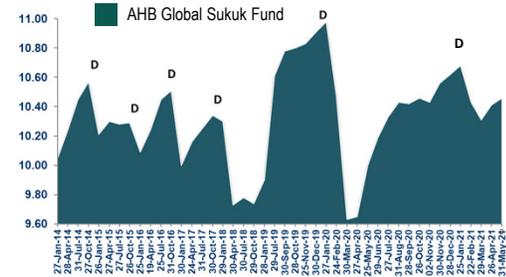
## Fund performance

Performance (net)	Fund
Return (Month)	0.48%
Return (YTD)	0.77%
Return (SI) Cumulative	37.41%

## Dividend

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

Source: Bloomberg



## Monthly performance (net)

2020	May	3.63%
2020	June	1.90%
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%

## Fund characteristics

Average Coupon	4.18%
Yield to Maturity	2.70%
Duration (years)	4.44

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