

Al Hilal Global Sukuk Fund



Factsheet – May 2022

NAV per share USD 9.53

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 57.55

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 early May, 10-year US Treasury yields continued to be pressured higher to touch 3.20% on 9th May, the highest level since November 2018. On 4th May as widely expected, the US Fed raised rates by 50bps to 0.75-1.00%, and announced that its balance sheet reduction process will begin in June. Subsequently, 10-year US Treasury yields plunged to close the month at 2.84%, after headline and core US CPI eased in April, suggesting inflation may have peaked. During the month, demand for US Treasuries was also driven by concerns that the US Fed's steep rate hikes may induce a

Market

As widely anticipated, the US Fed unanimously voted to raise rates by 50bps to 0.75-1.00% on 4th May, the largest increase in 22 years. The committee also announced that it will begin reducing its holdings of US Treasuries (UST) and mortgage-backed securities (MBS) on 1st June, by USD 30bil and USD 17.5bil respectively (total USD 47.5bil). Over the next three months, the pace will quicken to USD 60bil for UST and USD 35bil for MBS (total USD 95bil). In addition, the US Fed signaled that it may continue hiking rates by another 50bps each in June and July, but ruled out a steeper 75bp hike for now. Policymakers said the US economy is very strong and well-positioned to handle tighter monetary policy, and expects a "soft or softish" landing. In April, the US economy added 428,000 new jobs, surpassing consensus expectations of 380,000 (March revised lower from 431,000 to 398,000); while average hourly earnings dipped from 0.5% to 0.3% m-o-m. Despite the mixed US jobs report and slightly dovish Fed meeting outcome, 10-year US Treasury yields continued to march higher past the 3.00% psychological hurdle to touch 3.20% on 9th May, the highest since Nov 2018. Subsequently,

recession, dampening sentiment in risk assets. M-o-m, the US Treasury yield curve bull steepened, with 2-10 year yields easing by 9-16bps, while 20 and 30-year yields rose by 5bps. GCC sukuk prices corrected in tandem with US Treasuries in early May, but broadly lagged the subsequent US Treasury rally despite higher oil prices. During the month, we added some holdings in Oman sovereign and participated in the new Indonesia sovereign sukuk, which garnered strong demand of more than 3 times bid-to-cover ratio. We continue to maintain our overall overweight in GCC, as the region remains the prime beneficiary of higher oil prices.

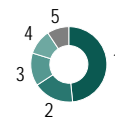
yields plummeted sharply to around 2.70%, after US headline CPI eased from 1.2% m-o-m in March to 0.3% in April (y-o-y from 8.5% to 8.3%), suggesting inflation may have peaked. Furthermore, mixed US economic data fueled concerns that the Fed's steep rate hikes may drag the economy into a recession, driving yields lower. In May, the consumer sentiment index fell sharply from 65.2 in April to 58.4, a fresh decade low; while other economic indicators e.g. housing market has started to soften. Towards month-end, 10-year US Treasuries pared some gains to close the month at 2.84% (m-o-m 9bps higher). Meanwhile, Brent oil prices gained 12.3% in May from USD 109.34/bbl at end-April to USD 122.84/bbl, driven by persistent concerns over a tight supply market as the EU agreed to pursue a partial ban on oil imports from Russia. On the other hand, demand for oil is expected to improve as China eases Covid-19 restrictions, and ahead of the summer travel season. On 5th May, OPEC+ ratified a 432,000 bpd increase for June, as scheduled earlier. According to a Bloomberg survey, OPEC added only 10,000 bpd in April, much lower than the scheduled increment of 274,000 bpd.

Top 5 holdings

#	Name	Sector	Country	Weight
1.	Perusahaan Penerbit SBSN 4.35% 10/09/2024	Sovereign & Quasi-sovereign	Indonesia	9.37%
2.	KIBKK 2 3/8 11/30/25 Corp - GSF	Financial	Kuwait	5.80%
3.	DPWDU 4.848 09/26/28 - GSF	Transportation and Logistics	UAE	5.36%
4.	TABRED 5 1/2 10/31/25 - GSF	Sovereign & Quasi-sovereign	UAE	5.11%
5.	DPWDU 6 PERP - GSF	Transportation and Logistics	UAE	4.91%

Regional allocation

1 UAE	45.44%
2 Indonesia	16.24%
3 Saudi	13.26%
4 Kuwait	10.19%
5 Oman	8.74%



Sector allocation

1 Sovereign & Quasi-sovereign	39.70%
2 Financial	18.66%
3 Transportation and Logistics	17.09%
4 Real Estate	14.97%
5 Utilities	4.40%



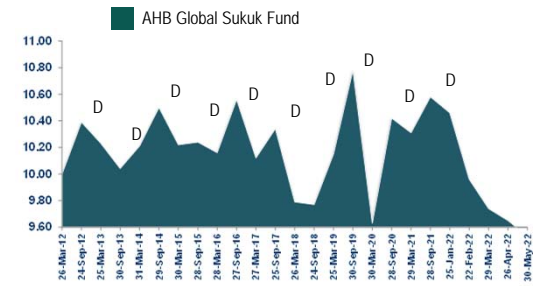
Fund performance

Performance (net)	Fund
Return (Month)	-1.24%
Return (YTD)	-5.56%
Return (SI) Cumulative	30.77%

Dividend

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

Source: Bloomberg



Monthly performance (net)

2021	May	0.48%
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%

Fund characteristics

Average Coupon	4.15%
Yield to Maturity	4.65%
Duration (years)	4.52

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