

Al Hilal Global Sukuk Fund



Factsheet – October 2021

NAV per share USD 10.55

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 95.74

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 October, Global Sukuk prices fell, as overall sentiment was dampened by the weaker US Treasury market, despite rising oil prices. During the month, 10-year US Treasury yields jumped from 1.49% at end-September to touch 1.70% on 21st October, the highest level since March, as investors priced in potential future interest rate hikes amid soaring inflation. Towards month-end, US Treasuries pared losses to close the month at 1.55% (6bps higher m-o-m) after US Fed Chairman Powell reiterated that the committee is not in a rush to normalize interest rates. Meanwhile, selective GCC

sukuk such as Oman sovereign and Nogaholding continued to perform well despite the weaker market sentiment. On 1st October, S&P revised Oman's outlook from stable to positive (rating maintained at B+), underpinned by Oman's improving fiscal position due to higher oil prices and its reform program. During the month, we took profit on DUGB 30 and Malays 51, effectively shortening portfolio duration. We also participated in the primary issuance of EIB 26, which garnered healthy demand of 2.4x oversubscription rate. Overall, the portfolio continues to overweight corporate sukuk over sovereigns for the additional yield pickup.

Market

In October, the US Treasury yield curve continued to bear flatten, as investors priced in two to three potential US interest rate hikes by end-2022 amid escalating inflationary pressures. M-o-m, the shorter 2-5 year US Treasury yields jumped by 22-25bps, while 7-10 year yields rose by 7-17bps. On the flip side, the longest 20 & 30 year yields fell by 2-11bps, reflecting concerns over longer-term growth if the Fed raises rates too quickly. During the month, benchmark 10-year US Treasury yields rose by 21bps from 1.49% at end-September to touch 1.70% on 21st October, the highest level since March, pressured by overall positive US economic data. In September, US ISM manufacturing and services expanded faster than expected, reflecting robust business activities despite ongoing supply-chain disruptions. However, the US economy added only 194,000 new jobs in September, significantly below consensus expectations of 500,000 new jobs (August revised higher from 235,000 to 366,000). Average wage growth jumped from 4.0% in August to 4.6% in September, as companies were forced to offer higher wages to attract employees. This continued to amplify

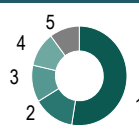
concerns that the surge in inflation may not be transitory, as initially expected. In September, headline US CPI continued to inch higher from 5.3% to 5.4% y-o-y, while core CPI remained elevated at 4.0%. Nevertheless 10-year US Treasuries rallied in the final week of October, with yields sliding from 1.70% to close the month at 1.55% (m-o-m 6bps higher) after US Fed Chairman Powell acknowledged that persistent supply-chain challenges may keep inflation elevated well into next year, while reiterating that the Fed is not yet prepared to normalize interest rates. In 3Q21, US GDP plunged from 6.7% q-o-q in 2Q21 to 2.0% (consensus 2.6%), the slowest pace of the pandemic recovery period as supply-chain issues and a slowdown in personal consumption weighed on growth. Meanwhile, Brent crude oil prices continued its upward trajectory in October, gaining 10.4% from USD 78.51/bbl at end-September to touch USD 86.70/bbl on 25th October, before settling at USD 84.38/bbl at end-October (m-o-m +7.5%). Prices continue to benefit from the ongoing energy crunch in China and Europe, coupled with OPEC+'s decision to stick to its scheduled supply increase of 400,000 bpd for November.

Top 5 holdings

#	Name	Sector	Country	Weight
1.	MAFUAE 3.9325 02/28/30	Real Estate	UAE	7.03%
2.	OMANGS 4.875 06/15/30	Sovereign & Quasi-sovereign	Oman	6.28%
3.	Perusahaan Penerbit SBSN 4.35% 10/09/2024	Sovereign & Quasi-sovereign	Indonesia	6.07%
4.	DUBAEE 3 3/4 02/15/26 Corp	Transportation and Logistics	UAE	5.71%
5.	KFH TIER 1 SUKUK 3.6 06/30/26	Financial	Kuwait	5.09%

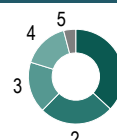
Regional allocation

1	UAE	42.57%
2	Kuwait	11.21%
3	Oman	9.66%
4	Saudi	9.18%
5	Indonesia	8.25%



Sector allocation

1	Sovereign & Quasi-sovereign	33.57%
2	Financial	23.13%
3	Real Estate	15.81%
4	Transportation and Logistics	14.52%
5	Utilities	3.73%



Fund performance

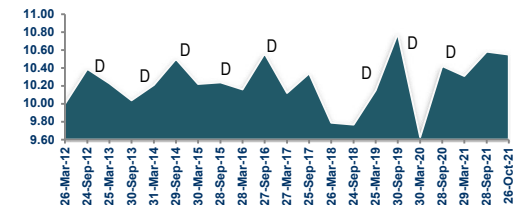
Performance (net)	Fund
Return (Month)	-0.28%
Return (YTD)	1.63%
Return (SI) Cumulative	38.60%

Dividend

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

Source: Bloomberg

AHB Global Sukuk Fund



Monthly performance (net)

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%
2021	August	0.38%
2021	September	0.28%
2021	October	-0.28%

Fund characteristics

Average Coupon	4.10%
Yield to Maturity	3.13%
Duration (years)	5.55

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