

# Al Hilal Global Sukuk Fund



Factsheet – October 2024

NAV per share USD 9.75

## 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 24.80

## Investment information

Inception Date	27 March 2012
Base Currency	USD
Benchmark	LIBOR + 100bps
Fund Structure	Open Ended - Abu Dhabi, UAE
Investment Manager	Abu Dhabi Commercial Bank
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, US Treasury (UST) yields were pressured higher across the board amid a series of stronger-than-expected US economic data and hawkish Fed speak, pushing investors to adjust their expectations of the future pace of monetary policy easing. In addition, market sentiment was hampered by growing possibility of a second Trump administration which may feature more tariffs, tax cuts and increased spending, thus fueling inflationary concerns. During the month, benchmark 10-year UST yields soared by 56bps from 3.78% as at end-September to touch 4.34% on 29<sup>th</sup> October, before

### Market

In early October, 10-year UST yields rose from 3.78% at end-September to 3.98%, after US ISM services expanded further from 51.5 in August to 54.9 in September (consensus 51.7), its highest level since early 2023. In addition, US nonfarm payrolls unexpectedly increased from 159,000 in August (revised higher from 142,000) to 254,000 (consensus 150,000), pushing the unemployment rate lower from 4.2% to 4.1% (consensus 4.2%), while average hourly earnings grew from 3.9% to 4.0% y-o-y (consensus 3.8%). 10-year UST yields continued to be pressured higher to 4.12% after US core CPI rose from 3.2% in August to 3.3% y-o-y in September (consensus 3.2%), despite softer shelter costs. Furthermore, US retail sales grew from 0.1% to 0.4% m-o-m, reflecting resilient consumer spending that continues to fuel the economy. In mid-October, 10-year UST yields continued to grind higher to around 4.25%, driven by concerns over a potential Trump Presidency 2.0, which may feature more tariffs and tax cuts, resulting in increased spending and government borrowing. Sentiment was also dented by a growingly cautious tone from Fed

settling at 4.28% (m-o-m 50bps higher). The UST yield curve shifted higher and bear flattened, with 2-10-year yields rising by 50-60bps, while the longer 20 and 30-year yields climbed by 36-42bps. The Global Sukuk market weakened in tandem with UST movements, albeit by a smaller quantum. In October, we locked in profits on corporate sukuk that lagged UST movements e.g. Majid Al Futtaim, Energy Development Oman and Nogaholding (Bahrain), effectively raising cash levels and shortening portfolio duration. Meanwhile, the primary Global Sukuk market continued to be active. Notable issuances include Mazoon, Dukhan Bank and Sharjah government.

officials, who favored a "cautious and gradual approach" to cutting rates as the economic environment remains uncertain. 10-year UST yields continued to climb to touch 4.34% on 29<sup>th</sup> October, before closing the month at 4.28%. In 3Q24, US GDP slowed slightly q-o-q from 3.0% in 2Q24 to 2.8%, but personal consumption grew by the fastest pace since 1Q23 (3.7% vs. consensus 3.3%, 2Q24 2.8%), underscoring the solid momentum in domestic demand. On a related note, the IMF raised its 2024 and 2025 US GDP forecast (2024: from 2.6% to 2.8%, 2025: from 1.9% to 2.2%), the only developed economy to see its outlook upgraded for both years. In September, US PCE inflation posted its biggest monthly gain since April, bolstering the case for a slower pace of rate cuts. Meanwhile, Brent crude oil prices initially surged from USD 71.77/bbl at end-September to touch USD 81.16/bbl on 7<sup>th</sup> October, following the assassination of Hezbollah's leader in a massive Israeli attack. Brent prices subsequently pared gains and traded within the USD 71-76/bbl range as investors shifted their focus on expectations of a glut in oil supplies, before settling at USD 73.16/bbl (m-o-m 1.9% higher).

## Top 5 holdings

#	Name	Sector	Country	Weight
1.	NBAD_OTELSU 5 3/8 01/24/31 - GSF	Telecommunication	Oman	8.10%
2.	BHRAIN 4 1/2 03/30/27 - GSF	Sovereign & Quasi-sovereign	Bahrain	7.90%
3.	PIFKSA 6 1/4 10/25/33 - GSF	Sovereign & Quasi-sovereign	Saudi	7.60%
4.	Saudi Electricity 5.500 08/04/44 - GSF	Sovereign & Quasi-sovereign	Saudi	5.98%
5.	PERUSAHAAN PENERBIT SBSN Jul 34 5.2% - GSF	Sovereign & Quasi-sovereign	Indonesia	5.11%

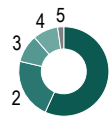
## Regional allocation

1 Saudi	24.01%
2 UAE	16.22%
3 Oman	14.22%
4 Indonesia	10.23%
5 Malaysia	8.75%



## Sector allocation

1 Sovereign & Quasi-sovereign	50.73%
2 Financial	19.58%
3 Real Estate	9.05%
4 Telecommunication	8.10%
5 Transportation & Logistics	1.95%

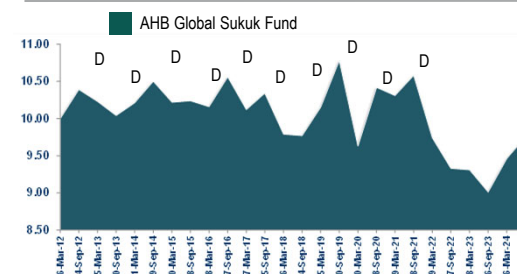


## Fund performance

Performance (net)	Fund
Return (Month)	-1.52%
Return (YTD)	2.63%
Return (SI) Cumulative	33.79%

\*Estimation performance numbers.

Source: Bloomberg



## Monthly performance (net)

2023	October	-3.44%
2023	November	3.45%
2023	December	5.56%
2024	January	-1.37%
2024	February	0.21%
2024	March	0.75%
2024	April	-1.48%
2024	May	1.18%
2024	June	0.42%
2024	July	1.16%
2024	August	2.19%
2024	September	1.12%
2024	October	-1.52%

## Fund characteristics

Average Coupon	4.45%
Yield to Maturity	4.68%
Duration (years)	5.55

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