

Al Hilal Global Sukuk Fund



Factsheet – September 2024

NAV per share USD 9.90

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 26.15

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 September, US Treasury (UST) prices continued to rally, with benchmark 10-year UST yields plummeting by 30bps from 3.90% at end-Aug to 3.60% on 17th Sep, driven by weak US economic data and dovish comments from US Fed members. On 18th Sep, the US central bank cut interest rates by 50bps to 4.75-5.00%, marking an aggressive start to its first monetary policy easing in four years, citing slowing job growth and greater confidence that inflation is moving towards the 2.0% target. Nevertheless, 10-year UST yields retraced to close the month at 3.78% (m-o-m 18bps lower) amid mixed US

Market

10-year UST prices rallied strongly in the first half of the month, driven by weak US data and dovish comments from US Fed members, who hammered home the urgency of a rate cut. In August, US ISM manufacturing remained in contractionary territory at 47.2, while ISM services grew modestly from 51.4 in July to 51.5. Sentiment was also boosted by weak JOLTS job openings for July, which tumbled from 7.91mil to 7.67mil (consensus 8.1mil), the lowest level since Feb 2021. ADP employment also unexpectedly slowed, adding to worries over a deteriorating US labor market. Nevertheless, US nonfarm payrolls jumped from 89,000 (revised lower from 114,000) in July to 142,000 in August (consensus 165,000), pushing the unemployment rate lower from 4.3% to 4.2%, while average hourly earnings grew from 0.2% to 0.4% m-o-m (consensus 0.3%). Meanwhile, headline US CPI slowed from 2.9% to 2.5% y-o-y while core CPI was sticky at 3.2%, primarily due to shelter costs. Despite this, 10-year UST yields continued to decline to 3.60% ahead of the FOMC meeting, after former US Fed member Bill Dudley said he sees scope for a 50bp cut in September. On 18th

data. Global Sukuk prices rallied in tandem, benefitting the portfolio, which posted positive returns of 1.12% in September. Sentiment in the Global Sukuk market was also buoyed by positive rerating of GCC countries by international rating agencies, e.g. Oman (upgraded from BB+ to BBB- by S&P) and Saudi (rated A, outlook revised from Stable to Positive by S&P). Meanwhile, primary issuances continued to garner strong demand from regional and global investors, e.g. Saudi Aramco, Saudi PIF and Mazoon. The market also welcomed a new issuer, AerCap (headquartered in Ireland), the largest airline leasing company globally, which issued USD 500mil 5-year sukuk.

Sep, the US Fed cut rates by 50bps to 4.75-5.00%, calling it a "recalibration" of policy to preemptively avoid further weakening in the labor market, while emphasizing that future rate cuts will be data dependent. Meanwhile, the updated dot plot showed additional 50bps of easing in 2024, another 100bps in 2025 and 50bps in 2026, to achieve its longer-run Fed Funds rate of 2.75-3.00%. Following the FOMC meeting, 10-year UST yields drifted higher to close the month at 3.78%, as investors digested the impact of the rate cut and mixed US economic data. E.g., initial jobless claims and continuing claims slowed, calming earlier concerns over a rapid deterioration in the labor market. The final reading of 2Q24 US GDP was also maintained at 3.0% q-o-q, despite a slight downward revision to personal consumption. Meanwhile, Brent oil prices initially slipped from USD 78.80/bbl at end-Aug to touch USD 68.68/bbl on 10th Sep, despite OPEC+'s decision to delay its output hike for another two months. Nevertheless, Brent oil prices subsequently recovered to settle at USD 71.77/bbl (m-o-m 8.9% lower), after Chinese policymakers announced stimulus packages to revive its economy.

Top 5 holdings

#	Name	Sector	Country	Weight
1.	NBAD_OTELSU 5 3/8 01/24/31 - GSF	Telecommunication	Oman	7.73%
2.	BHRAIN 4 1/2 03/30/27 - GSF	Sovereign & Quasi-sovereign	Bahrain	7.56%
3.	PIFKSA 6 1/4 10/25/33 - GSF	Sovereign & Quasi-sovereign	Saudi	7.42%
4.	Saudi Electricity 5.500 08/04/44 - GSF	Sovereign & Quasi-sovereign	Saudi	5.91%
5.	PERUSAHAAN PENERBIT SBSN Jul 34 5.2% - GSF	Sovereign & Quasi-sovereign	Indonesia	4.98%

Regional allocation

1 Saudi	23.35%
2 UAE	20.35%
3 Oman	18.21%
4 Indonesia	10.07%
5 Malaysia	8.64%



Sector allocation

1 Sovereign & Quasi-sovereign	55.14%
2 Financial	18.72%
3 Real Estate	13.49%
4 Telecommunication	7.73%
5 Transportation & Logistics	1.89%

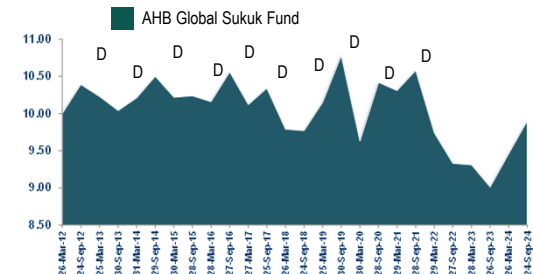


Fund performance

Performance (net)	Fund
Return (Month)	1.12%
Return (YTD)	4.21%
Return (SI) Cumulative	35.85%

*Estimation performance numbers.

Source: Bloomberg



Monthly performance (net)

2023	September	-1.42%
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%

Fund characteristics

Average Coupon	4.85%
Yield to Maturity	4.77%
Duration (years)	6.12

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