Global Sukuk Fund

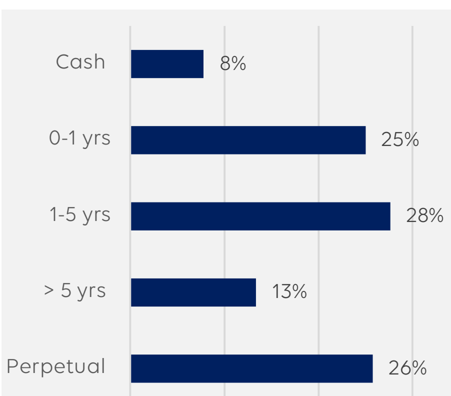
Fund Factsheet
December 2022

Fund Manager Commentary

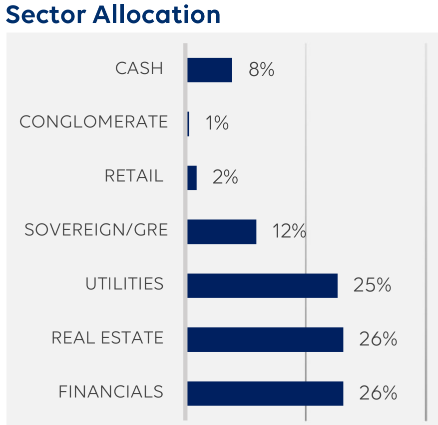
The Fed delivered an as-expected 50bp hike in December, along with a hawkish statement, raising the fed fund rate to 4.5% as widely expected. We continue to expect Fed to deliver three 25bp hikes in 2023. The Bloomberg US Treasury Index returned -12.5%, its second straight full-year loss and the biggest in its four-decade history; the worst months for the index were in September (-3.45%), March (-3.11%) and April (-3.10%); the 1Q loss of 5.58% was the biggest on record for a single quarter. Global Aggregate Bond was down 17% in 2022, driven by Investment Grade (-16%) and High Yield (-13%). Regionally, KSA and Qatar declined 13% respectively 2022, followed by an 11% decline in the UAE. The Global Sukuk fund was up 0.49% in December 2022, versus the benchmark 0.87%. With this we end the year with positive returns (0.44 % in 2022) versus -7.18% for the benchmark.

We expect rates to peak in Q1 2023 and possibly decline after that (mostly in H2 2023), as the US might enter a policy-induced global recession. Overall, we expect total returns for bonds to be positive in 2023. Even though it might take a hit on the Mark to Market (MTM), coupons will compensate for the MTM loss. A still challenging backdrop suggests that quality will likely continue to outperform, as it did this past year, but potentially with the addition of yield. Within Investment Grade and High Yield, we expect external balances to continue driving relative spread performance. In addition, when screening for sovereigns that could provide better carry sources, we look at sovereigns with higher volatility-adjusted yields and a lower beta to global risk. As we march into 2023, GCC is better placed compared to developed markets as this region remains on the relative growth advantage compared to the U.S. (on the cusp of recession) and Europe (arguably already in technical recession). Inflation in this region appears to be benign, unlike the developed market. So, both from a growth and CPI perspective, this region seems better placed. However, from a credit spread perspective, Asia could do better than GCC/MENA especially the Investment Grade, as it has more room to compress, and the reopening of China in H1 of 2023 will be favourable to the credit spreads further.

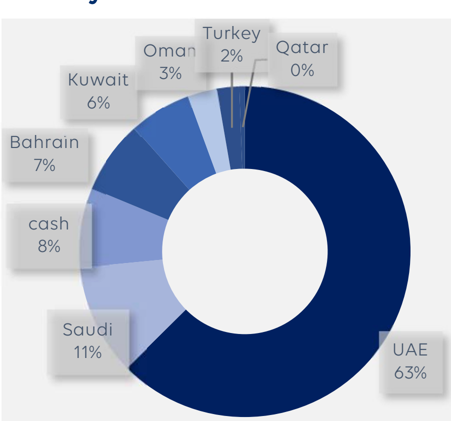
Duration



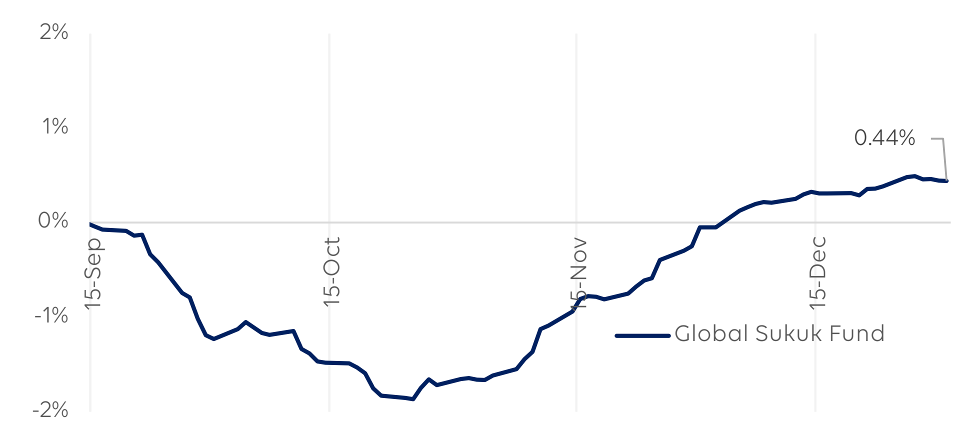
Sector Allocation



Country Allocation



Total Fund Returns



Fund Facts

Inception Date	15 Sep 2022
Domicile	Abu Dhabi Global Markets
Fund Currency	USD
Asset Class	Sukuk
Geography	Global
ISIN	AE0000A2QB2B9
Number of Holdings	39
Subscriptions	Daily
Redemptions	Daily
Leverage	0%
TER	1.36%
Fund Manager	Aarthi Chandrasekaran

Portfolio Statistics

Fund AUM	$81m
NAV per Share	100.44
Dividend per Share	0

Performance

Returns since Inception*	0.44%
Year to Date (YTD)*	0.44%
Month to Date (MTD)	0.49%

*Inception 15 September 2022

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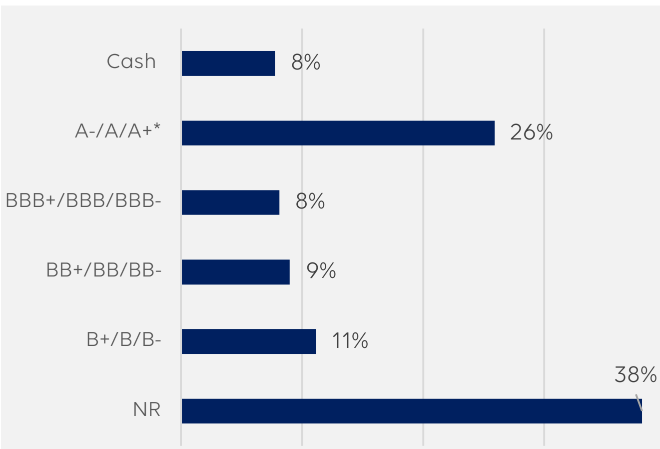
Fund Metrics

Yield to Maturity	6.9%
Average yearly Coupon	6.8%
Duration (Years)	1.96
Maturity (Years)	1.92
Avg. Rating	BB-

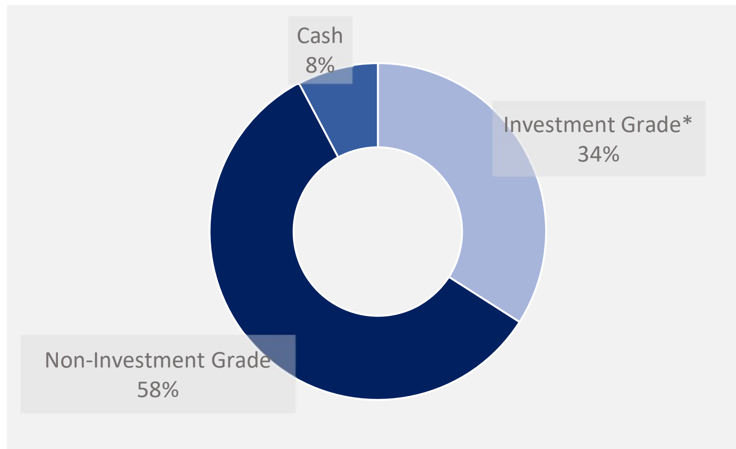
Top 5 Holdings

Murabaha Mezz Shine	20%
TFG Sukuk 10 1/2	14%
ADIBUH 7.125 Perp Corp	6%
DAMACR 6 ⅝ 04/18/23 Corp	5%
AUBKWK 3 7/8 Perp Corp	4%

Sukuk Credit Rating Breakdown



Risk metrics



* Underlying entity is rated A+/Investment grade

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