

# AHLI INTERNATIONAL MULTI-ASSET HOLDING FUND

FACT SHEET - DECEMBER 2021



الصندوق الأهلي الدولي متعدد الأصول القابض  
Ahli International Multi-Asset Holding Fund

## Fund Objective

Aims to provide long-term capital appreciation and diversify risk globally with investments spread across asset classes and licensed funds.

## Executive Summary

Fund type	Open-ended
Asset Class	Multi-Asset
Investment Universe	International
Launch Date	December 2018
Risk Categorization	Moderate
Currency	KWD
Minimum Subscription	KWD 500
Subscription / Redemption	Monthly
Subscription Fee	1.00%
Management Fee	1.35%
Fund Manager	Ahli Capital Investment Company K.S.C.C.
Investment Manager	BlackRock Asset Management Limited
Custodian	Gulf Custody Company
Auditor	Deloitte & Touché

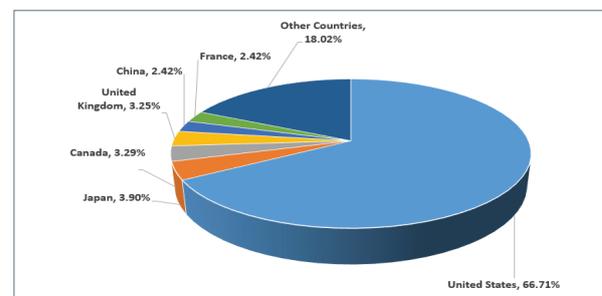
## Current Performance Summary

NAV	DEC'21	YTD'21	Since Inception
11.934479	2.16%	9.94%	27.70%

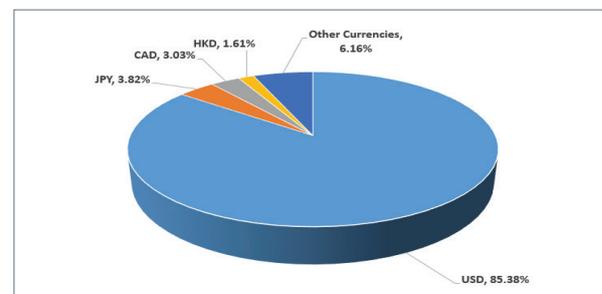
## Top 5 Funds

Classification	Weight	NAME
Equity	18.41%	ISHARES CORE S&P 500 UCITS ETF USD
Equity	12.11%	ISHARES MSCI USA ESG ENHANCED UCIT
Equity	5.68%	ISH MSCI ACWI ETF \$ ACC
Equity	5.52%	BLK ADV EUR EX UK EQ D ACC USD HDG
Fixed Income	5.22%	ISH US AGG BND ETF \$ DIST

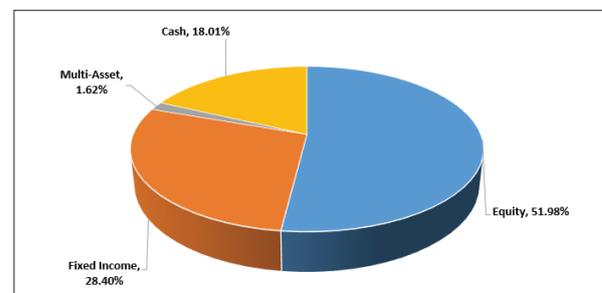
## Geographical Allocation



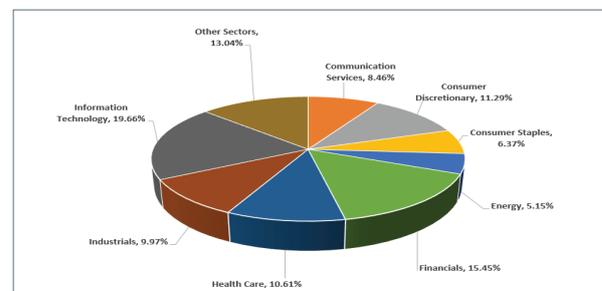
## Currency Allocation



## Asset Allocation



## Sector Allocation



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### Market Commentary:

December witnessed a rise of the Omicron covid variant and rattled global investors who were struggling to judge its economic implications. The month was characterized by stock market fluctuations which underscored how confidence was shaken by unexpected pandemic twists. Whilst several governments reacted by imposing restrictions, they were perceived as lighter and more targeted than previous lockdowns. As the month progressed, the early evidence of Omicron variant appeared to be far less lethal. The correlation between rising cases and hospitalizations wasn't as strong as in the past. Many argued that the "more transmissible", but "less deadly" omicron variant might eventually end up accelerating the end of the pandemic. This would fit into the pattern of virus evolution observed historically given the availability of vaccines and new treatments that are expected to work on all known variants. Arguably Omicron is still going to be a headwind for the next few months but tempered optimism in December meant risk assets rallied back as worries of the Omicron virus strain dissipated. Developed market equities ended the month up 4%, while Emerging markets equities were up 1.9%. China remained the principal drag as its performance was impeded by regulatory uncertainty and its 'zero-covid 19' stance. Overall, 'risk on' sentiment in the markets spurred a modest sell off in safe-haven fixed income assets. The unwinding of the unprecedented pandemic-led stimulus packages by central banks has paved the way for future interest rate hikes which is proving tumultuous for bonds. US treasuries ended the month down -0.6% while UK gilts ended the month down -2.7%. In currencies, the Euro was up 1% against the dollar as the ECB appeared to be less dovish than anticipated by changing its levels of quantitative easing. In the UK, easing concerns about the economic impact of the pandemic boosted the currency and with the markets expecting more rate rises from the Bank of England (BoE) in 2022 the Sterling was up 2.4% against the dollar.

In December the Fed opted for a more aggressive stance and it pivoted to take swift action on inflation which was seen rising at its fastest pace to 6.8% year-over-year in November. The Fed conceded that there are mounting signs that inflation is not only broadening out, but also at a greater risk of becoming more entrenched. It has officially retired the word 'transitory' when talking about inflation and suggesting that stable prices are essential to a long-term economic expansion. The Fed confirmed withdrawing of its pandemic-era stimulus package of \$120 billion and is set to double the pace of its tapering from \$15 billion to \$30 billion per month. This would enable the bond buying purchase program to end by March 2022 earlier than initially scheduled and it would enable the Fed to raise US rates soon after. This abrupt pivot follows a string of robust economic data releases such as a fall in the unemployment rate to 4.2% suggesting a recovering labour market and a strong US Composite PMI of 57 in December, suggesting the economy is still in strong expansionary territory. On the other side of the Atlantic, the BoE raised interest rates for the first time in more than three years, in response to calls to tackle astounding inflation as the Consumer

Price Index (CPI) rose to 5.1% year-over-year in November. The increase in interest rate to 0.25% from 0.1% came despite fears that Omicron variant could slow the economy by causing people to spend less. In contrast, the ECB struck a more dovish tone reflecting that it would maintain flexibility and optionality in its monetary policy decisions in view of the current economic uncertainty and for inflation to stabilize at the 2% target over the medium term. However, with a Eurozone Composite PMI printing 53.3 in December, Christine Lagard, president of the ECB, announced that the economy had recovered enough to allow a cautious taper. This translates into bond buying under its 1.85 trillion Euro PEPP (Pandemic Emergency Purchase Program) and the decision to exit the program in March 2022. ECB dismissed any ideas to raise interest rates next year.

The juxtaposition of two factors was seen in play in December in the fixed income markets. On one side, the equation with the Fed and other central banks' projected policy normalisation aimed at reining in persistently high inflation and on the other side, Omicron's impact on recovery and the perplexed macroeconomic outlook. The treasury yield curve extended its flattening run and markets were in a quandary as to what signal the flatter curve may be sending out. However, the primary reason of the flattening yield curve in December was the higher rates at the short end and in the belly of the curve as markets priced in a faster pace of interest rate hikes. Benchmark 10-year yields was up by 6bps to 1.50% in the US, by 16 bps to 0.97% in the UK, by 1bp to 0.07% in Japan, 16 bps to -0.18% in Germany and 22bps to 1.19% in Italy. Oil (Brent) ended the month higher 11.4% at \$78/ barrel. More pragmatic markets priced in the waning effect of the Omicron variant on economic recovery and expectations that the fuel demand will rise despite an upsurge of the virus. The prices were also boosted by expectations that demand will outstrip supply as OPEC and its allies would continue to increase imports only incrementally. In December, the price of gold was up 2.4% at \$1,822/ounce as the bullion is considered a hedge against inflation that usually results from widespread stimulus. However, future hikes in interest rate would translate into higher opportunity cost of holding gold which bears no interest. The impact of that is likely to follow in the near future on this precious metal.

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