

## Fixed Income Fund Update

December 2023

November saw a marked turnaround in monetary policy outlook and asset prices. The November Fed meeting was read as dovish by the market and further rate hikes were immediately priced out and a very aggressive Fed pivot (150bps of cuts by January 2025) has been priced in. This caused a sharp drop in long and short end yields stoking a rally in treasuries, credit and equities. A softish jobs print and tame inflation data further emboldened risk taking with the market getting excited about the prospects of a soft landing. This caused bond price appreciation to be more pronounced on the longer end.

Our Global Alpha and Global Sukuk Funds benefited from their high duration positioning. We have been slowly adding long duration high quality credit to the Funds since September in anticipation of turnaround in the interest rate cycle.

### Global Sukuk Fund:

- The Fund continues to hold the existing duration positions and cash component has been increased slightly. There exists a possibility that we may consider reducing the current duration of 6.6 years to a sliver under 6.0 years, over the next few weeks.
- We will look to recycle some capital from duration exposure to shorter tenor yield enhancers.
- WARF continues to straddle BBB- and the Fund could consider a crossover strategy in the ratings space.
- We do not envisage a dramatic change in the current portfolio and continues to stay invested in 25-30 names, still maintaining a focused approach to portfolio management.
- The Fund currently stands at top of the table from a FY 2023 return perspective, in comparison to the other Sukuk funds.
- There have been no defaults in the Fund since its inception.

	1m	3m	6m	YTD	1 Year	Since Inception
Global Sukuk Fund	3.74%	6.49%	4.41%	6.32%	3.91%	3.74%
Peer Average*	2.56%	4.26%	2.50%	4.42%	0.74%	2.56%
Dow Jones Sukuk Index	2.22%	3.52%	1.47%	1.69%	-10.66%	2.22%

Past performance is not an indicator or guarantee of future performance. The value of shares in the fund and income received from it can go down as well as up, and investors may not get back the full amount invested. Performance may also be affected by currency fluctuations of the underlying holdings. \*Peer group based on available data for liquid global sukuk funds managed out of the Middle East. Source: Bloomberg, equally weighted against each constituent (USD share class). Data as of 29<sup>th</sup> December 2023.

The performance data shown is for the duration of the Global Sukuk Fund I(acc) USD share class which commenced its investment program on 16 November 2020. Source: Bloomberg and Aditum Investment Management Limited, USD terms, bid to bid, income reinvested.

### Global Alpha Fund:

- The Fund continues to stand pat on the duration front (currently 10.4), however may look to pare it down a couple of years over the coming weeks.
- We do not expect the credit composition to be altered and WARF would hug the IG space.
- The Fund will continue to assume a focused approach on the credit universe considered for the exposures.
- We will look to increase the yield on the portfolio.
- There have been no defaults in the Fund since its inception.

	1m	3m	6m	Since Inception
Global Alpha Fund	6.11%	11.03%	5.63%	7.14%
JP Emerging Market Bond Index	4.11%	8.17%	3.56%	5.23%

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\*The performance data shown is for the duration of the Global Alpha Fund I(acc) USD share class which commenced its investment program on 8 March 2023. Source: Bloomberg and Aditum Investment Management Limited, USD terms, bid to bid, income reinvested. Data as of 29<sup>th</sup> December 2023

## Aditum Fixed Income & Multi Asset Team

- High quality team working together since 2020, with over four decades of combined experience in Global Markets.
- Combination of top down and bottom-up driven approach with active management to avoid credit migrations and generate alpha form a risk-adjusted return perspective.
- A **thorough credit selection process** that takes into account **macroeconomic** and **credit specific parameters**, further strengthened by inputs from an **in-house Investment Committee team** with **risk management** overlay.



**Manoj Mahadev**  
Head of Investments

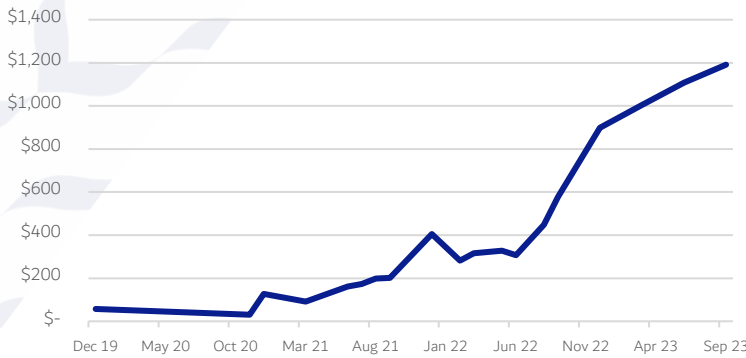


**Omer Chowdhry**  
Head of Fixed Income & Multi-Asset Manager



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Fixed Income Manager

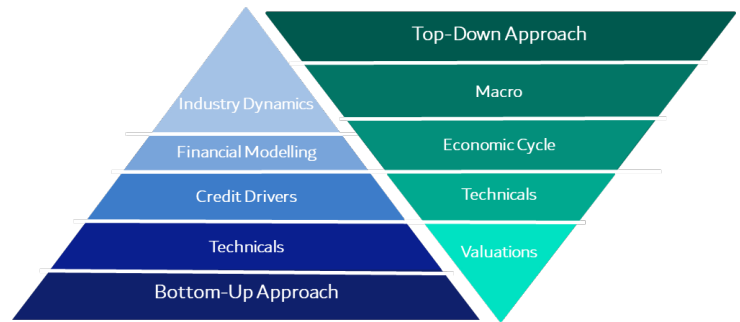
### Aditum Fixed Income & Multi Asset Team AUM (\$m)



Source: Aditum Investment Management Limited as of 30 September 2023

### Investment Process Overview

A combination of top-down and bottom-up



### INVESTMENT MANAGER CONTACT DETAILS:

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