Al Mal MENA Equity Fact Sheet

NAV Per Unit: USD 9.67

المال كابيتال
Al Mal Capital

July 2018

Fund Objective: The objective of the Fund is to achieve significant capital appreciation, primarily through investment in equity and equity related securities in the Middle East and North African markets.

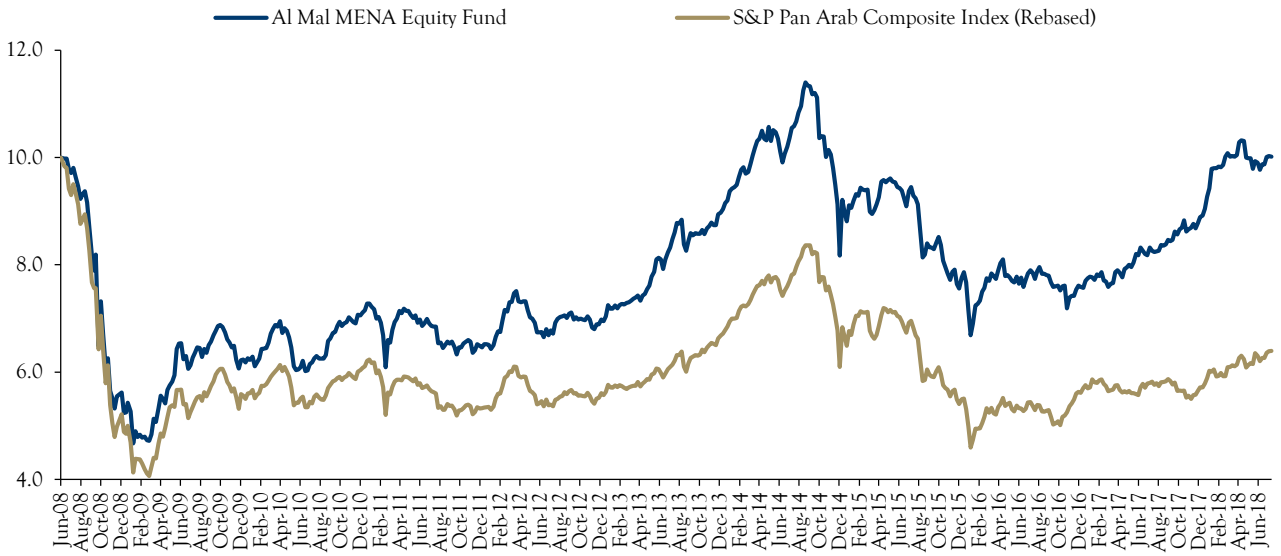
Key Terms:

Fund Manager	Charles-Henry Monchau, CFA
	Vrajesh Bhandari, CFA
Inception Date	15th June 2008
Fund Size	USD 30 million
Strategy Size	USD 93 million
Fund Registration	Bahrain
Currency	USD
Subscription	Weekly
Min Subscription	USD 250,000
Bloomberg Code	MALMENE BI
Reuters Code	LP65123002
Management Fee	1.75%
Subscription Fee	Up to 3%
Redemption	Weekly
Benchmark Index	S&P Pan Arab Composite
Fund Type	Open Ended
Administrator	Apex
Custodian	Standard Chartered
Auditors	Deloitte

Performance	Fund	Benchmark	Relative Perf.
YTD 2018	12.3%	11.9%	0.4%
2017	17.8%	1.3%	16.5%
2016	-3.7%	4.1%	-7.8%
2015	-12.5%	-17.6%	5.1%
2014	-0.7%	-1.5%	0.8%
2013	31.1%	18.9%	12.2%
2012	6.6%	2.6%	4.0%
2011	-8.8%	-15.1%	6.3%
2010	15.7%	13.9%	1.8%
2009	17.7%	12.7%	5.0%
2008	-47.5%	-49.9%	2.4%
Since Inc.	0.2%	-36.1%	36.3%

Performance[1]	Fund	Benchmark[2]	Relative Perf.
1 Month	1.5%	2.1%	-0.6%
YTD*	12.3%	11.9%	0.4%
1 Year	21.3%	9.8%	11.5%
3 Years	7.8%	-6.3%	14.1%
5 Year	16.5%	2.9%	13.6%
Since Inc.	0.2%	-36.1%	36.3%

Performance



** As of the last Wednesday of every month (25 of July, 2018)*
Source: Al Mal internal performance measurement based on reports from third-party administrators (Apex)

[1] Performance is net of fees; 3-year and 5-year return is cumulative
[2] S&P Pan Arab Composite Index

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July 2018

Fund Manager Commentary:

July was another strong month for MENA equities as evidenced by the S&P Pan Arab Index gaining 2.1%. Qatar, Abu Dhabi, Kuwait have been enjoying a beta-driven rally similar to the one that took place in Saudi Arabia during the second quarter. The large caps rally which has been in place since March has not been playing to our advantage. Even though our fund is not positioned for such a move, it did capture a good chunk of the rally with a return of 1.6% in July.

Our investment approach which is based on bottom-up fundamental analysis and valuation led us to avoid some of these large caps over the last few months. One interesting example of expensive large caps has been SABIC. The stock is up 25% over this period but was expensive even before the rally started. Indeed, SABIC was trading at a PE of 16.5x versus a 5-year average of 12.7x. At the time of this publication, the stock trades at 20.7 times trailing earnings and we refrain to chase this stock. Another example is the heavyweight STC, a stock that we have always been considering as a dividend play with a yield of 6%. Following the recent rally in the stock, the dividend yield has decreased to 4.5%. Last but not least, the mining company Maaden has reached a market cap of USD 33 billion and is thus worth 40 times its projected 2018 earnings.

As we already mentioned in the past, our investment approach prevents us to chase these stories just because they are currently favored by investors as a way to participate in the "index inclusion story". We believe that the day of reckoning could soon come and that some of these overvalued stocks could face some significant downside. Our fund is well positioned to outperform in such a scenario.

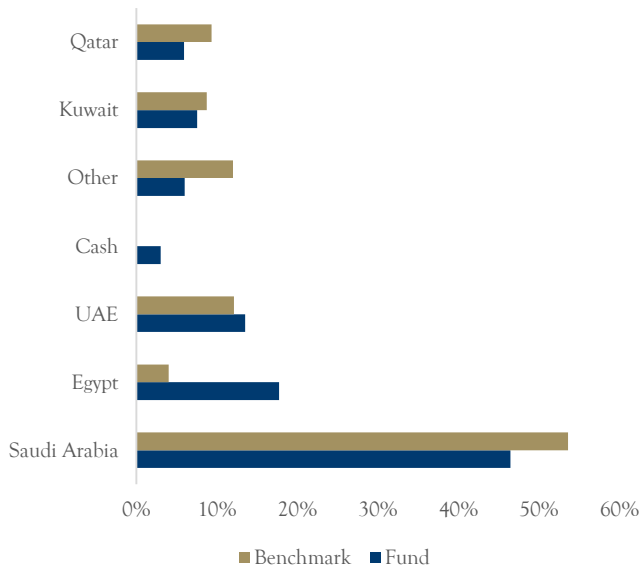
Top Portfolio Holdings	% of Fund
Al Rajhi Bank	8.1
Saudi Kayan	7.1
EK Holding	7.1
Emirates NBD	6.4
Alujain Corp	5.5
Total # of Holdings	**29**

Source: Al Mal internal performance measurement based on reports from third-party administrators (Apex)

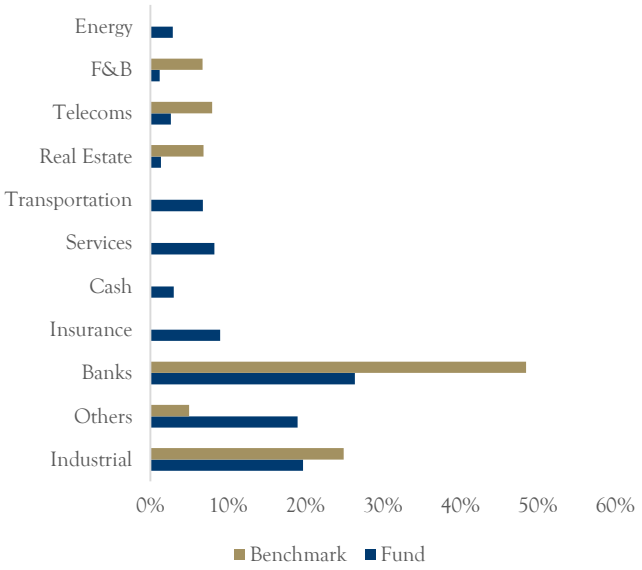
Fund Characteristics[2]	Fund	Benchmark
Standard Deviation	14.5%	14.6%
Sharpe Ratio	0.03	-0.15
Beta	0.89	-
Tracking Error	6.6%	
Information Ratio	0.38	

[2] Calculated using 5-year weekly data

Geographic Allocation



Sector Allocation



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Al Mal UAE Equity Fact Sheet

NAV Per Unit: AED 1.39

July 2018

Fund Objective: The Al Mal UAE Equity Fund's objective is to achieve medium to long-term capital growth by investing primarily in equities listed on the UAE Exchange.

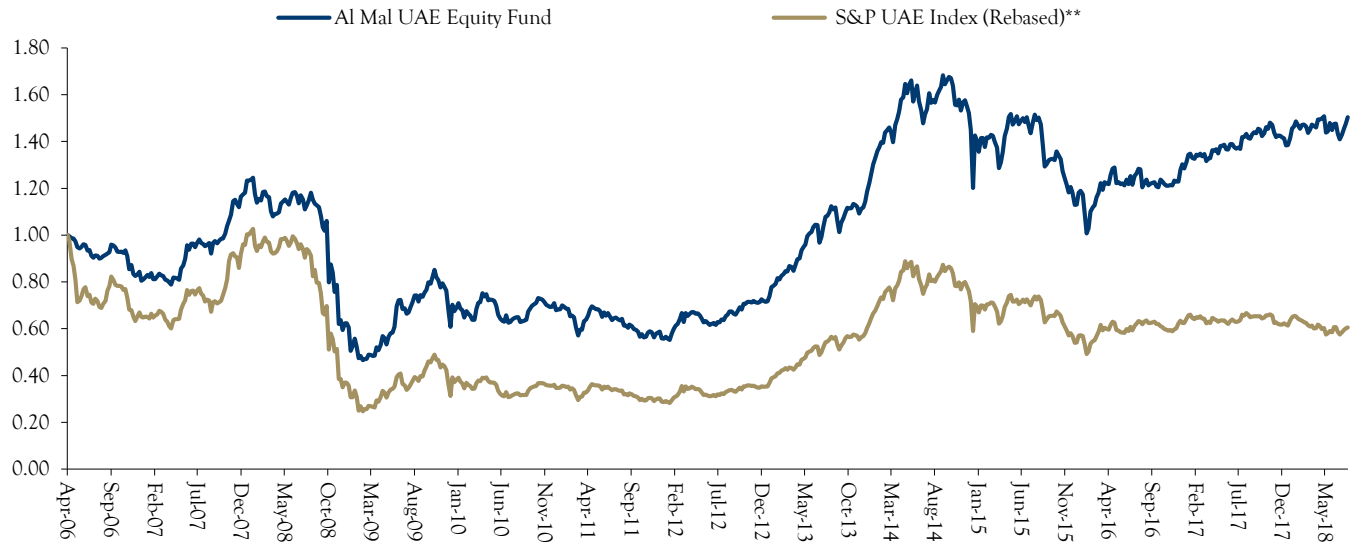
Key Terms:

Fund Manager	Charles-Henry Monchau, CFA
	Vrajesh Bhandari, CFA
Inception Date	5th April 2006
Fund Registration	UAE
Currency	AED
Fund Size	AED 32mn
Subscription	Weekly
Dividend Frequency	Yearly
Min Subscription	AED 100,000
Management Fee	1.50%
Performance Fee	20% over 10% hurdle with high watermark
Subscription Fee	Up to 2%
Redemption	Weekly
Benchmark Index	S&P UAE Composite Index
Fund Type	Open Ended
Administrator	Standard Chartered
Custodian	Standard Chartered
Financial Year End	31st December
Auditors	Deloitte

Performance Yearly	Fund	Benchmark	Relative Perf.
YTD 2018	8.6%	-1.4%	10.0%
2017	7.8%	-1.6%	9.4%
2016	7.9%	9.0%	-1.1%
2015	-15.3%	-17.6%	2.3%
2014	11.2%	7.5%	3.7%
2013	81.4%	88.0%	-6.6%
2012	28.7%	23.5%	5.2%
2011	-18.4%	-17.7%	-0.7%
2010	-1.0%	-8.8%	7.8%
2009	31.2%	24.6%	6.6%
2008	-56.9%	-69.4%	12.5%
2007	50.4%	54.8%	-4.4%
2006	-19.1%	-35.2%	16.1%
Since Inc.	50.4%	-39.5%	89.9%

Performance[1]	Fund	Benchmark[2]	Relative Perf.
1 Month	6.6%	5.3%	1.3%
YTD*	8.6%	-1.4%	10.0%
1 Year	6.0%	-7.6%	13.6%
3 Years	0.8%	-16.3%	17.2%
5 Year	37.0%	9.4%	27.6%
Since Inc.	50.4%	-39.5%	89.9%

Performance



** As of the last Wednesday of every month (27*of July, 2018)*

Source: Al Mal internal performance measurement based on reports from third-party administrators (Standard Chartered Bank)

[1] Performance is net of fees; 3-year and 5-year return is cumulative

[2] S&P Pan Arab Composite Index

Al Mal UAE Equity Fact Sheet

NAV Per Unit: AED 1.39

July 2018

Fund Manager Commentary:

The benchmark UAE Index rebounded in July from its year to date losses. However most of the gains came from one stock - First Abu Dhabi Bank (FAB). Our long track record Al Mal UAE Equity fund continues to perform ahead of the Index with a monthly gain of 6.6% compared to 5.3% for the benchmark. Apart from FAB, our off-benchmark exposure to NMC healthcare delivered healthy returns.

Even as the Dubai stock market lags, Dubai Banks reported good sets of results for the second quarter. Our top pick Emirates NBD said net interest margins rose by 32 basis points while loan growth was mid-single digit. This resulted in net interest income growth of 20%. Moreover, loan losses fell - albeit from a high base. Overall, earnings growth was very solid at +30%. The management upgraded the Net Interest Margin guidance for the full year 2018 by 0.2% to 2.80%. DP World – a core holding – announced that throughput volumes for the three months period ending June grew 5% to 35.6 million TEUs (twenty-foot equivalent units). Like for like growth was even better at +6%, a result going acquisition strategy that saw the company closing a good number of deals.

Early August, there was (unconfirmed) news that the SCA is studying the possibility of segmenting the UAE listed companies into two segments: 1) the regular segment which would be the normal market we're familiar with; 2) the second segment to be created is for companies that have accumulated losses of 50% or more of the company's paid in capital. If confirmed, we would see this as positive news for the overall market although it could impact the sentiment negatively in the short term

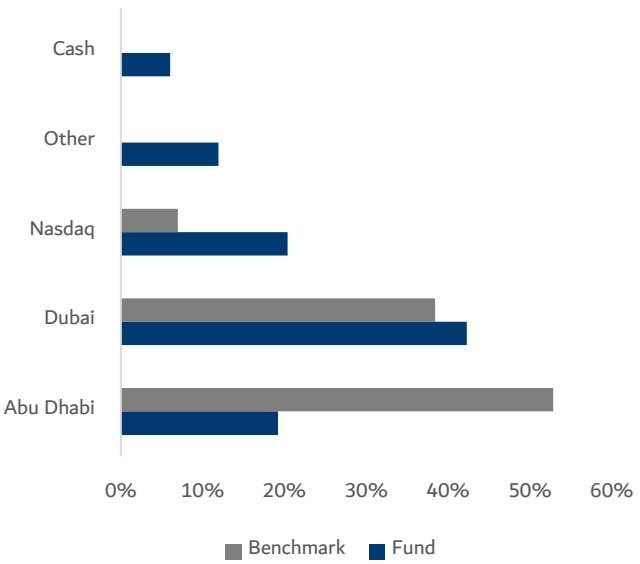
Top Portfolio Holdings	% of Fund
First Abu Dhabi Bank	20.4
Emirates NBD	14.7
NMC Healthcare	12.4
Total # of Holdings	**9**

Source: Al Mal internal performance measurement based on reports from third-party administrators (Apex)

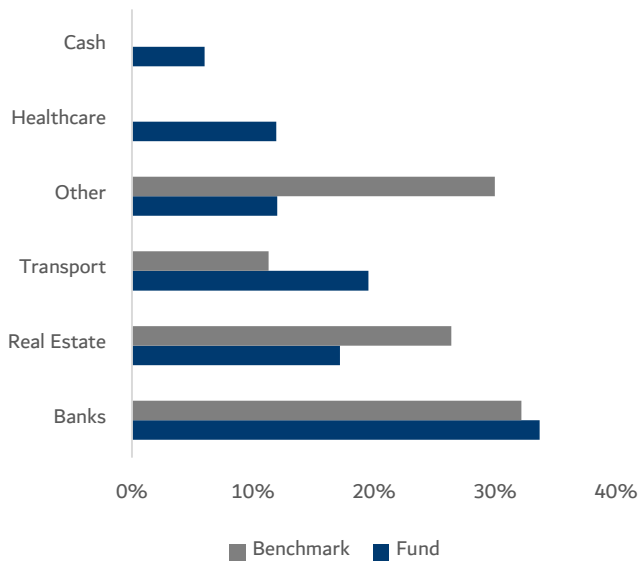
Fund Characteristics[2]	Fund	Benchmark
Standard Deviation	19.4%	22.1%
Sharpe Ratio	0.19	-0.04
Beta	0.87	-
Tracking Error	5.5%	
Information Ratio	0.73	

[2] Calculated using 5-year weekly data

Geographic Allocation



Sector Allocation



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