Al Mal MENA Equity Fact Sheet

NAV Per Unit: USD 9.53

المال كابيتال
Al Mal Capital

June 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.

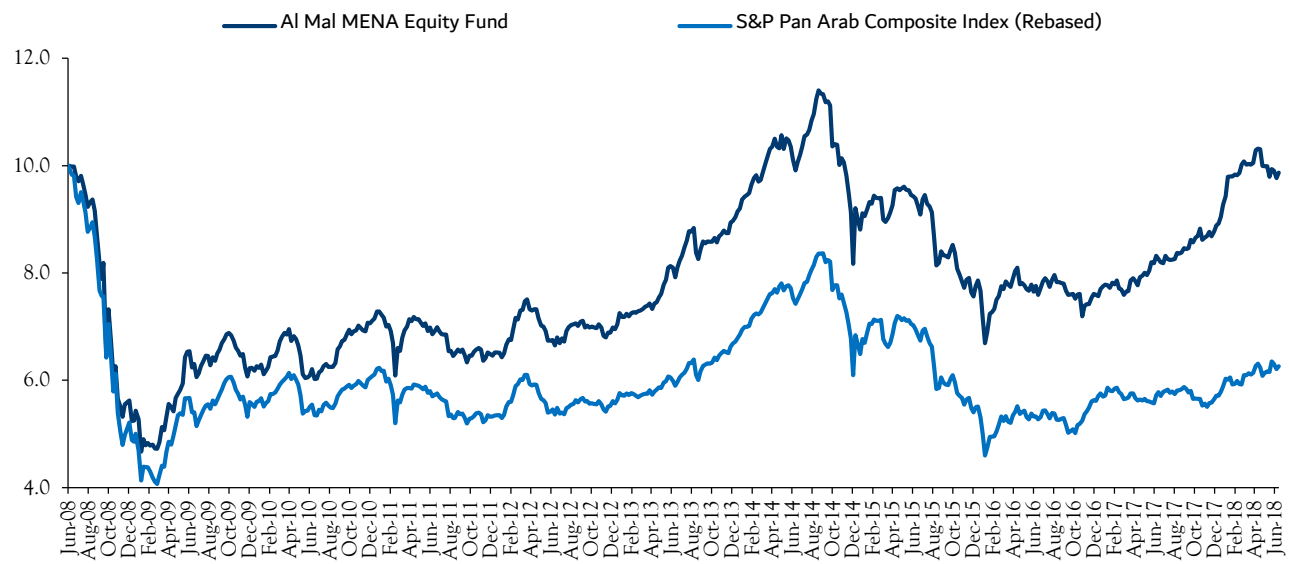
Key Terms:

Fund Manager	Charles-Henry Monchau, CFA
	Marwan Haddad, 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	10.7%	9.6%	1.1%
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.	-1.3%	-37.4%	36.1%

Performance[1]	Fund	Benchmark[2]	Relative Perf.
1 Month	0.9%	1.8%	-0.9%
YTD*	10.7%	9.6%	1.1%
1 Year	19.5%	8.3%	11.2%
3 Years	6.8%	-8.3%	15.2%
5 Year	21.9%	4.9%	17.0%
Since Inc.	-1.3%	-37.4%	36.1%

Performance



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

Fund Manager Commentary:

June was a month full of encouraging stories for MENA equities. As expected, MSCI announced that Saudi Arabia will be included in their Emerging Markets index in 2 phases (phase I in May '19 and phase II in Aug '19). Weighting will be around 2.4% and 32 companies are eligible for inclusion. Since the start of the year, foreign investors have pre-positioned with just $3.5 billion of inflows vs. an expected $30-40bn in the next 18-24 months. Total foreign ownership in Saudi stands at just 1.8%, which is the lowest one within global emerging markets. Meanwhile, Kuwait has been added to the watch list for a potential upgrade to EM status.

The Fund has been underweighted in both Saudi and Kuwait. The index inclusion news triggered a beta-driven rally on these two markets which was costly for the fund in terms of relative performance. Another negative country effect was our overweight in Egypt as the Global Emerging markets correction has some spillover effect. Despite this (short-term) detrimental country allocation, our stock selection in Egypt, Saudi, etc. was positive which helped to limit the underperformance of the Fund in June (-0.9%).

Going forward, we believe that most of Saudi Arabia Large Caps now trade at stretched valuations. Still, we do find pockets of value in Saudi not only in mid-sized banks but also in Petrochemicals. In Kuwait, we are adding to our position in the country's largest bank – NBK - which fits well with our selection criteria of strong fundamental story trading at a discount to fair value. NBK should benefit from the increase in infrastructure spending but also from the higher interest rates environment. Around 70% of the deposits are CASA while 2/3rd of the total loan book comes from corporates lending which gets repriced faster.

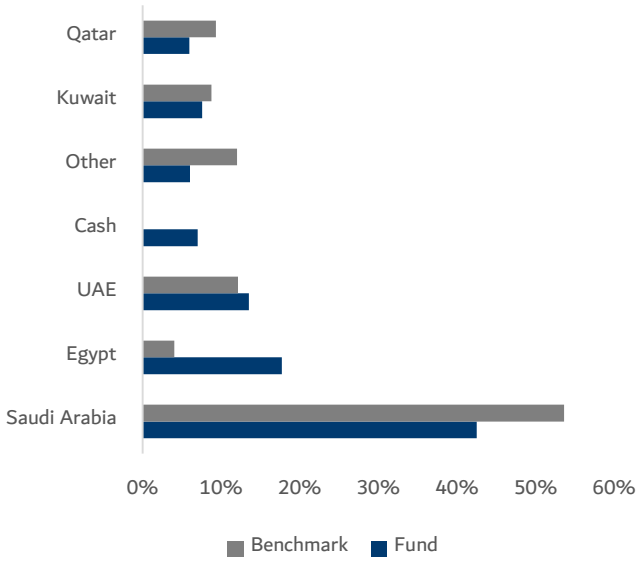
Top Portfolio Holdings	% of Fund
Al Rajhi Bank	8.0
EK Holding	7.0
Saudi Kayan	6.2
Malath Insurance	6.0
Emirates NBD	5.9
Total # of Holdings	**28**

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

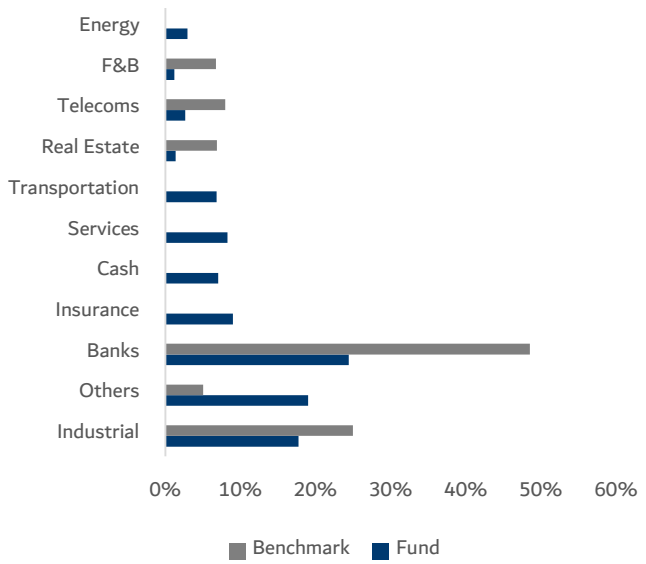
Fund Characteristics[2]	Fund	Benchmark
Standard Deviation	14.7%	14.6%
Sharpe Ratio	0.09	-0.12
Beta	0.89	-
Tracking Error	6.7%	
Information Ratio	0.49	

[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 1.31

June 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.

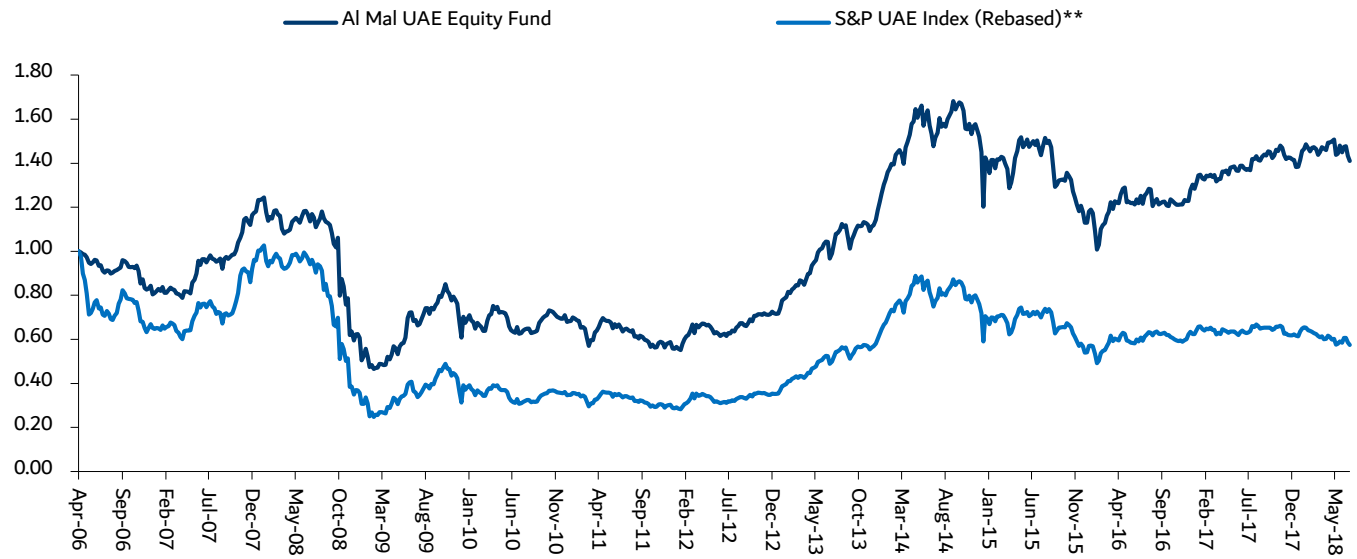
Key Terms:

Fund Manager	Charles-Henry Monchau, CFA
	Marwan Haddad, 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	1.8%	-6.3%	8.1%
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.	41.0%	-42.5%	83.5%

Performance[1]	Fund	Benchmark[2]	Relative Perf.
1 Month	-2.7%	-1.7%	-1.0%
YTD*	1.8%	-6.3%	8.1%
1 Year	2.9%	-8.5%	11.5%
3 Years	-3.9%	-19.4%	15.6%
5 Year	42.4%	15.1%	27.2%
Since Inc.	41.0%	-42.5%	83.5%

Performance



** As of the last Wednesday of every month (27 of June, 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 1.31

June 2018

Fund Manager Commentary:

June was another negative month for the UAE equity indices which have been in the red in five out of the last 6 months. Most of the weakness came from Dubai (which is now down -16% year to date); the DFM has indeed been suffering from outflows being reinvested into the Saudi markets as well as the negative investor sentiment towards real estate stories. Some local corporate governance issues (Abraaj, DSI) have been weighing on risk appetite as well.

The Fund slightly underperformed in June (-1% relative to the index) as one of our holdings sold off after a big placement by the private equity company Abraaj Capital.

Spate of 'economic stimulus' announcements continue to flow in the UAE. Indeed, it has been announced that Abu Dhabi will provide housing loans to 2500 beneficiaries in the first phase of the program. It also ordered allocation of 696 lands, 798 houses worth AED1.6bn to citizens and approved projects to build government houses worth AED1.5bn. The Emirate along with its neighbor Dubai are also cutting municipality and tourism fees. Moreover, the UAE Cabinet introduced a new insurance scheme for workers' guarantees; the previous mandatory deposit of AED 3,000 per worker is now replaced by a new insurance that cost only AED 60 annually per worker. A new decision has also been approved to exempt transit passengers from all entry fees for the first 48 hours. Transit visa can be extended for up to 96 hours for a fee of only AED 50. We see these reforms as positive in the short term as they should help stimulate the economy and bolster sentiment.

We do see value in several high quality companies in the UAE – Emaar, Emirates and Aramex are among them. Still, we would like to see some confirmation in terms of investors' sentiment before adding more to our favorite stocks in the UAE.

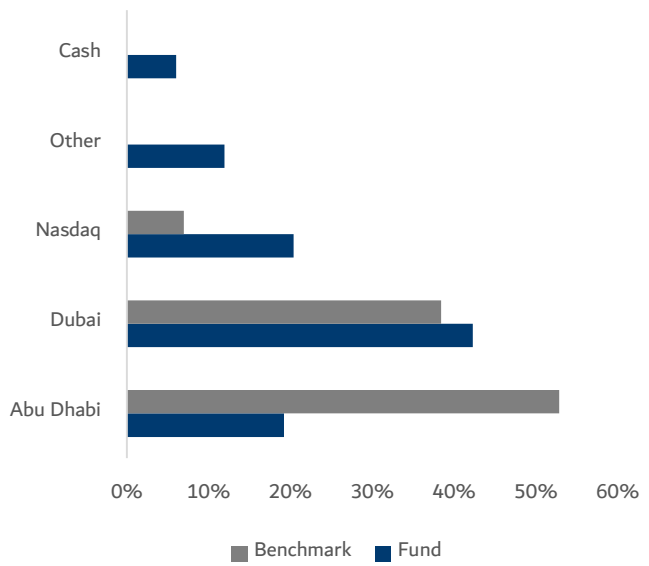
Top Portfolio Holdings	% of Fund
First Abu Dhabi Bank	19.2
Emirates NBD	14.5
DP World	12.2
Total # of Holdings	**9**

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

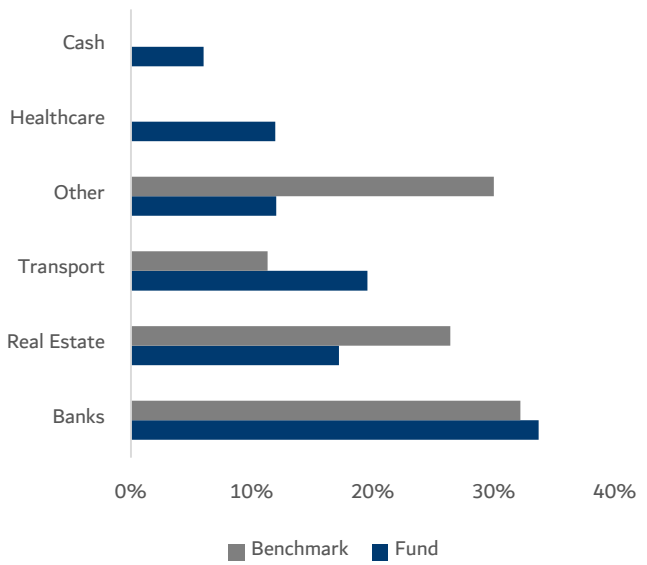
Fund Characteristics[2]	Fund	Benchmark
Standard Deviation	20.1%	22.3%
Sharpe Ratio	0.23	0.00
Beta	0.87	-
Tracking Error	5.5%	
Information Ratio	0.69	

[2] Calculated using 5-year weekly data

Geographic Allocation



Sector Allocation



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