Al Mal MENA Equity Fact Sheet

NAV Per Unit: USD 9.96

April 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.

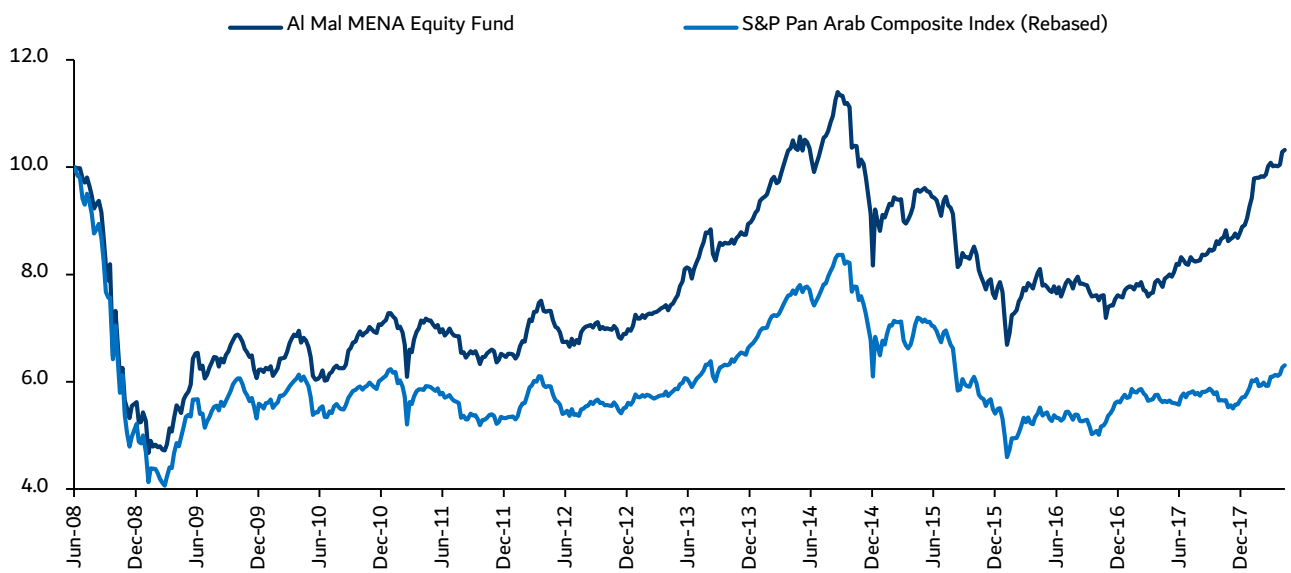
Key Terms:

Fund Manager	Marwan Haddad, CFA
Inception Date	15th June 2008
Fund Size	USD 21 million
Strategy Size	USD 95 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	15.7%	10.4%	5.3%
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.	3.2%	-36.9%	40.1%

Performance[1]	Fund	Benchmark[2]	Relative Perf.
1 Month	2.9%	3.0%	-0.1%
YTD*	15.7%	10.4%	5.3%
1 Year	32.8%	12.2%	20.6%
3 Years	7.7%	-12.3%	20.0%
5 Year	38.4%	8.3%	30.1%
Since Inc.	3.2%	-36.9%	40.1%

Performance



** As of the last Wednesday of every month (25th of April, 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

Al Mal MENA Equity Fact sheet

NAV Per Unit: USD 9.96

April 2018

Fund Manager Commentary:

Markets across MENA continued their positive momentum during April with the benchmark adding +3.0%. The S&P Pan Arab is still among the best performing index since the start of the year on a global basis. Al Mal Mena equities fund added another +2.9% in April to bring our year to date returns to 15.7%. **EK Holding** which we highlighted last month rallied by +17.3% in April and was the largest contributor to our performance.

Estimated Net flows into MENA equity funds (statistics by Lighthouse research) show that flows into our regional markets jumped at the start of 2018. This is a very encouraging news and could be the start of a trend reversal after 3 years of heavy outflows. Our conversations with regional and international investors also seem to indicate a renewed interest for MENA equities

Rajhi Bank: Multi year catalysts

Our favorite Saudi bank is benefiting from many tailwinds over the coming years: passive inflow (Rahji has been the largest beneficiary of the index inclusion story with +USD1.0bn of inflows year-to-date), interest revenue growth, better system liquidity, generous dividends and Saudi economic recovery.

The bank also continued its positive earnings momentum last quarter with net income 7% year-on-year. Al Rahji grew its deposit base by 5% in the last 3 months, which is likely to be an opportunistic move, even if lending activity has been subpar (and thus led to some pressure on interest spreads). However, this should get corrected as we move ahead in 2018. As per SAMA statistics, the sector profits for the quarter increased at a similar rate (8%). Moving forward, our thesis based on the rising interest rate cycle is gaining momentum.

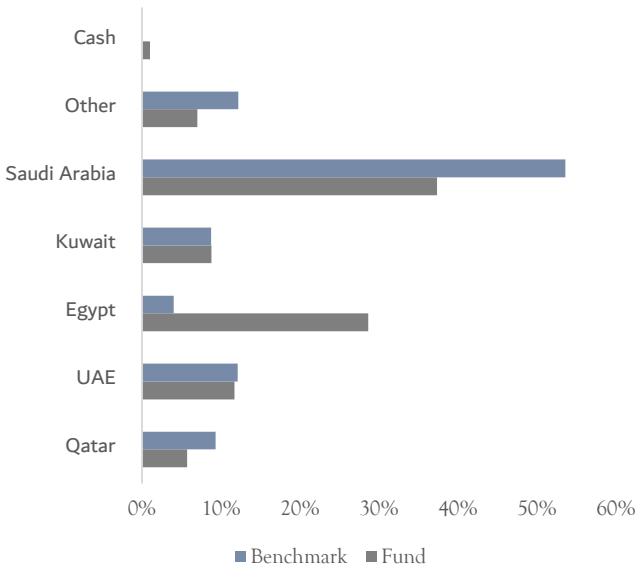
Top Portfolio Holdings	% of Fund
Al Rajhi Bank	7.3
Malath Insurance	6.2
EK holding	5.3
Alujain	4.9
Al Rajhi Takaful	4.8
Total # of Holdings	**30**

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

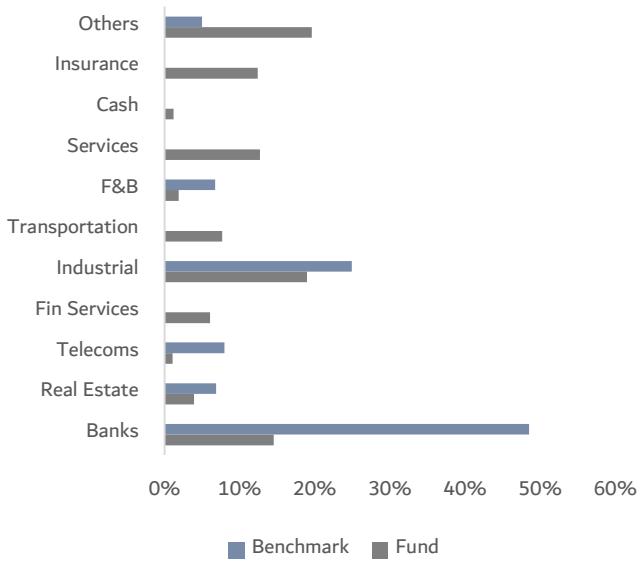
Fund Characteristics[2]	Fund	Benchmark
Standard Deviation	14.6%	14.5%
Sharpe Ratio	0.27	-0.08
Beta	0.90	-
Tracking Error	6.6%	
Information Ratio	0.75	

[2] Calculated using 5-year weekly data

Geographic Allocation



Sector Allocation



Disclaimer

None of the information and opinions contained herein is intended to form the basis for any investment or trading decision, and no specific recommendations are intended. The products and transactions described herein are not suitable for every investor. Such products and transactions are only suitable for sophisticated and knowledgeable professional users of financial instruments, and are structured and customized to the needs and objectives of each investor. The information and opinions contained herein have been prepared for informational purposes only and do not constitute an offer to sell, or solicitation of an offer to purchase, any security, any commodity futures contractor commodity-related product, any derivative product, or any trading strategy or service described herein.

Neither Al Mal Capital PSC nor any of its affiliates, directors, authorized managers and/or employees accepts liability for any loss arising from the use of or makes any representation as to the accuracy or completeness of the terms and conditions of products and transactions described herein. Finalized terms and conditions are subject to further discussion and negotiation, and will be determined in part on the basis of pricing and valuation models, data, and assumptions that are proprietary to Al Mal Capital and its affiliates. No assurance can be given that a product or transaction can, in fact, be executed on any representative terms indicated herein.

Al Mal UAE Equity Fact Sheet

NAV Per Unit: AED 1.39

April 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.

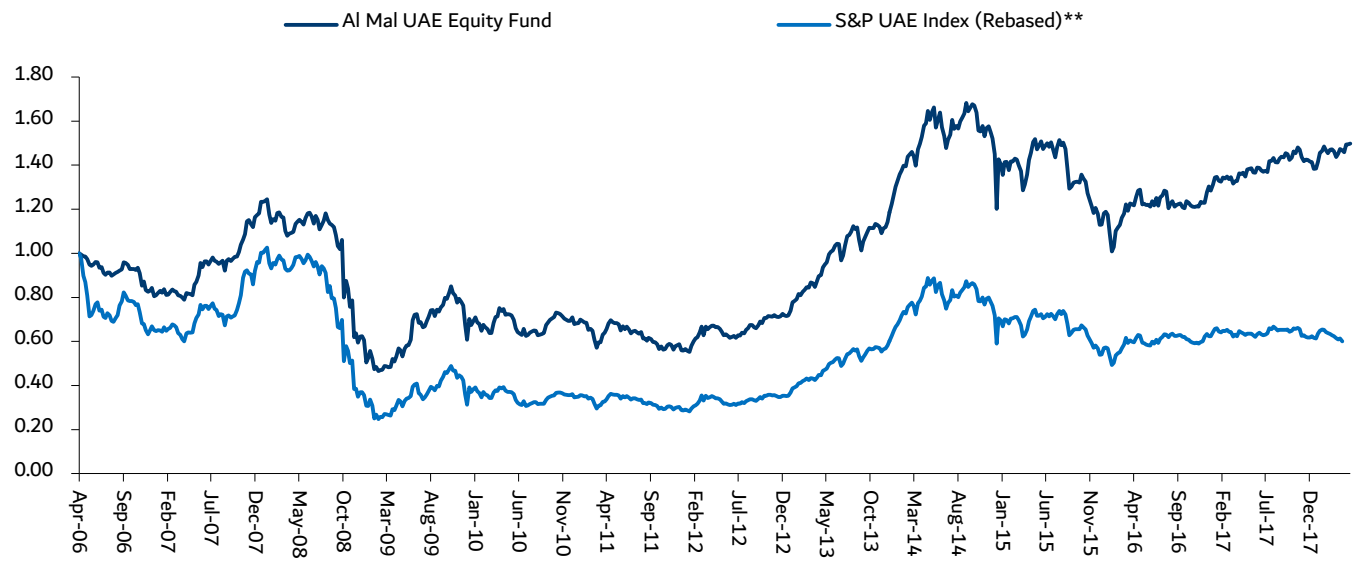
Key Terms:

Fund Manager	Marwan Haddad, 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	8.2%	-2.4%	10.6%
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.	49.8%	-40.1%	89.9%

Performance[1]	Fund	Benchmark[2]	Relative Perf.
1 Month	0.2%	-2.0%	2.2%
YTD*	8.2%	-2.4%	10.6%
1 Year	10.7%	-4.9%	15.6%
3 Years	-1.3%	-19.5%	18.2%
5 Year	57.9%	27.1%	30.8%
Since Inc.	49.8%	-40.1%	89.9%

Performance



** As of the last Wednesday of every month (25th of April, 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

Al Mal UAE Equity Fact sheet

NAV Per Unit: AED 1.39

April 2018

Fund Manager Commentary:

The market continued to inch down in April losing another -2.0%. On the other hand the Fund added +0.2% during the month.

The UAE is not faring well so far this year, with all the hype in Saudi and Egypt stealing the spot lights. In addition, investors are not very excited about the real estate condition in the country. We believe the UAE's great diversification story which pioneered the regions' transformation efforts is here to stay and the current period is just a cyclical downturn. More interestingly, quality players in the market like EMAAR will emerge stronger as the sector sift out the weak players.

In the first quarter of 2018 EMAAR gained more market share to account for above 60% of Dubai's off-plans sales.

Emirates NBD:

The bank is having many interesting catalysts at play; **1)** very attractive valuations **2)** the Board approved the FOL increase **3)** potential acquisition of Deniz Bank in Turkey.

The bank's first quarter net income grew 27%, beating market estimates as loan loss charges fell. More interestingly, margins widened and growth is kicking in (+2.4% in last 3 months), following two quarters of muted expansion. Emirates NBD is trading at a very attractive PE of 6.0x which is well below the sector average of 9.0x next year earnings. This valuation discount stems mainly from restrictions on foreign ownership. But this is going to change as this limit has now been hiked to 20%. The process might take 3-4 months to be completed and is likely to lead to a re-valuation of the stock.

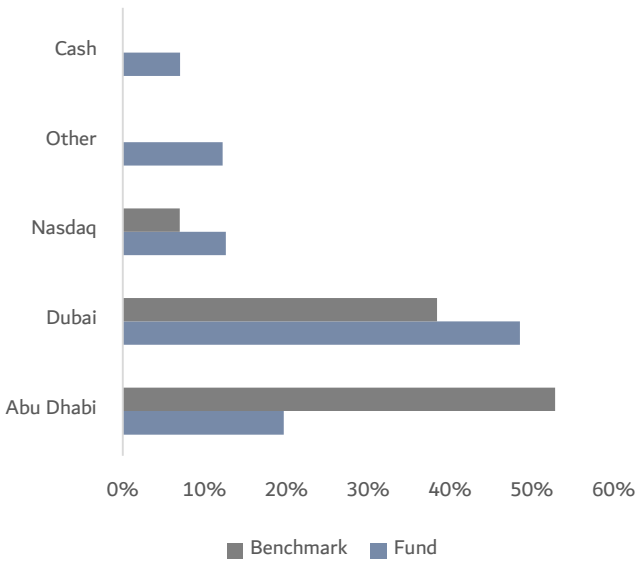
Top Portfolio Holdings	% of Fund
First Abu Dhabi Bank	19.7
Aramex	15.5
Emirates NBD	15.2
Total # of Holdings	**8**

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

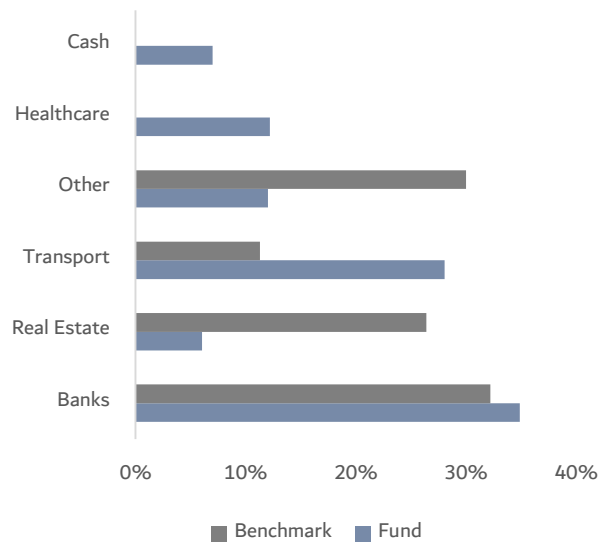
Fund Characteristics[2]	Fund	Benchmark
Standard Deviation	14.6%	14.5%
Sharpe Ratio	0.34	0.10
Beta	0.88	-
Tracking Error	5.3%	
Information Ratio	0.60	

[2] Calculated using 5-year weekly data

Geographic Allocation



Sector Allocation



Disclaimer

None of the information and opinions contained herein is intended to form the basis for any investment or trading decision, and no specific recommendations are intended. The products and transactions described herein are not suitable for every investor. Such products and transactions are only suitable for sophisticated and knowledgeable professional users of financial instruments, and are structured and customized to the needs and objectives of each investor. The information and opinions contained herein have been prepared for informational purposes only and do not constitute an offer to sell, or solicitation of an offer to purchase, any security, any commodity futures contractor commodity-related product, any derivative product, or any trading strategy or service described herein.

Neither Al Mal Capital PSC nor any of its affiliates, directors, authorized managers and/or employees accepts liability for any loss arising from the use of or makes any representation as to the accuracy or completeness of the terms and conditions of products and transactions described herein. Finalized terms and conditions are subject to further discussion and negotiation, and will be determined in part on the basis of pricing and valuation models, data, and assumptions that are proprietary to Al Mal Capital and its affiliates. No assurance can be given that a product or transaction can, in fact, be executed on any representative terms indicated herein.