Al Mal MENA Equity Fact Sheet

NAV Per Unit: USD 8.44

October 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.

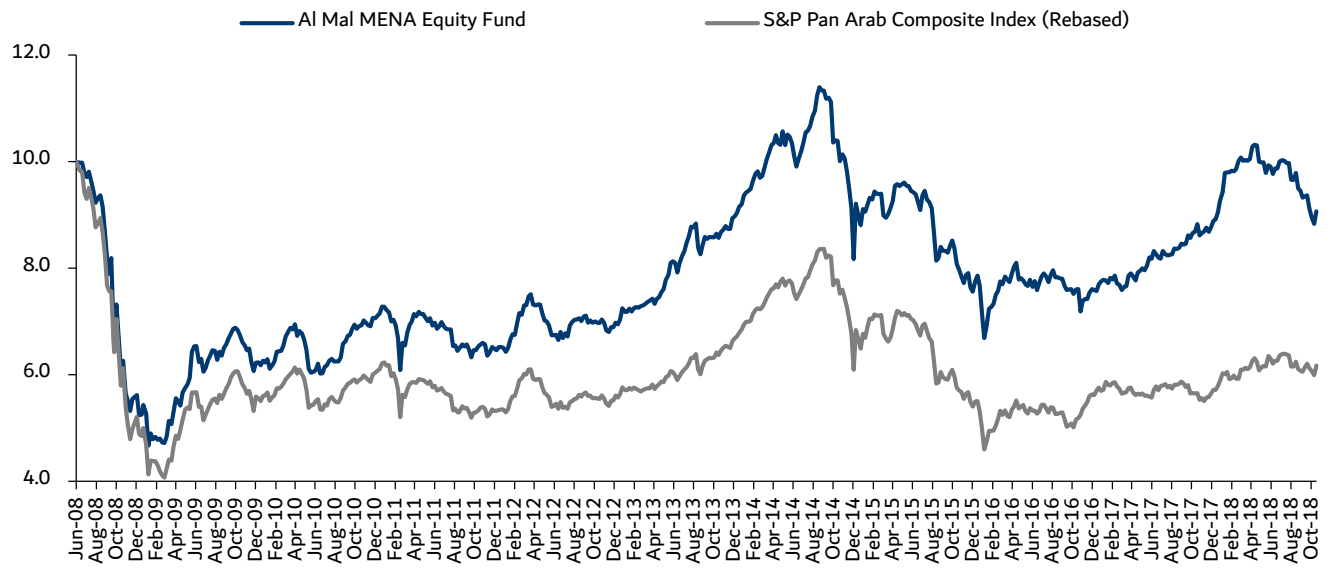
Key Terms:

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	1.7%	8.0%	-6.3%
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.	-9.3%	-38.3%	29.0%

Performance[1]	Fund	Benchmark[2]	Relative Perf.
1 Month	-3.0%	0.5%	-3.5%
YTD*	1.7%	8.0%	-6.3%
1 Year	2.7%	9.1%	-6.4%
3 Years	13.9%	8.2%	5.7%
5 Year	4.5%	-4.4%	8.9%
Since Inc.	-9.3%	-38.3%	29.0%

Performance



** As of the last Wednesday of every month (31 of October 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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October 2018

Fund Manager Commentary:

October was a dreadful month for Global Equities. The S&P 500 in the US fell 6.7% & the MSCI Emerging Market Index recorded an 8.6% decline. Brent Crude closed at 75.5, down -7% for the period. In that context, the MENA region proved to be exceptionally resilient, ending the month in positive territory (+0.5%). Qatar was the star performer again with its 5.9% gain, driven by a 12% rise in the market capitalization of Qatar National Bank. For the year so far, the Qatari Exchange Index has a total return of 27.4%.

Egypt continued to be under severe pressure, losing another 9.3% last month after the 7.7% loss of September. Not surprisingly, our fund did not escape from the bloodbath in the market. As highlighted in the previous month's factsheet, we see the fundamental case for our holdings intact and we thus resisted against panic selling in such an indiscriminate market environment.

Our Fund's performance was also hurt by a negative development for one particular company - Alujain Corporation in Saudi Arabia. Fire broke out at one of its factory units in the industrial city of Yanbu, resulting in stoppage of production. Our interaction with the management and other channel checks suggest that all damages would be covered by insurance and the company should also be compensated for lost production as per the business interruption clause. Regardless, the stock lost 25% and contributed heavily to the negative alpha. It now trades at an EV/ton of SR 7,200 vs SAR 14,200 for the most direct competitor. We thus we see it as a deep value pick in the sector.

Saudi Arabia posted a sharp decline in fiscal deficit for the third quarter. Earlier in the month, the finance ministry released a pre-budget statement for the first time ever. The Minister said they expect the Kingdom's GDP, which contracted in 2017, to expand by 2.3% next year. We see this statement as a further step in the direction to enhance disclosures and transparency and this should be welcomed by investors. It is also a clear message to the private sector that the government is willing to support economic growth.

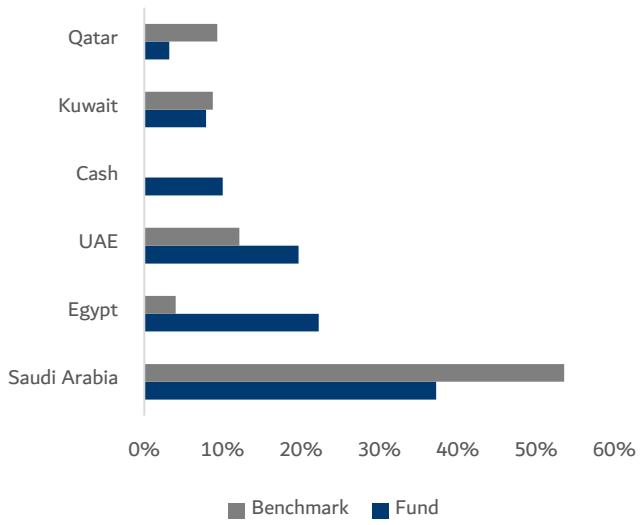
Top Portfolio Holdings	% of Fund
Al Rajhi Bank	8.3
Dana Gas	6.3
SABIC	6.1
Qalaa Holding	4.8
Humansoft Holding	4.4
Total # of Holdings	**32**

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

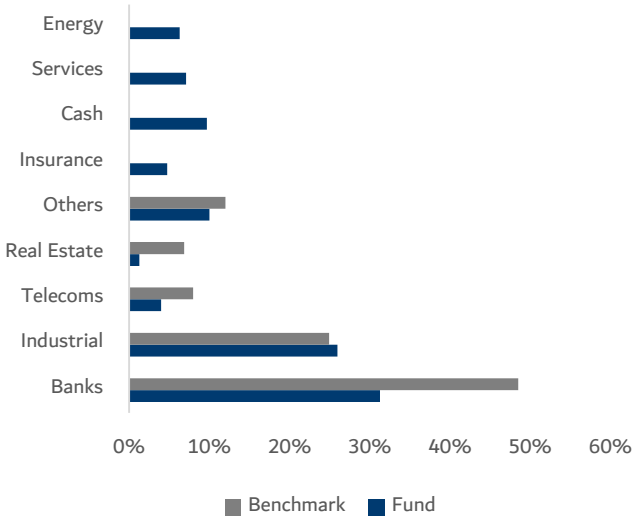
Fund Characteristics[2]	Fund	Benchmark
Standard Deviation	14.5%	14.6%
Sharpe Ratio	-0.15	-0.27
Beta	0.89	-
Tracking Error	6.7%	
Information Ratio	0.27	

[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.

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Al Mal UAE Equity Fact Sheet

NAV Per Unit: AED 1.26

October 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.

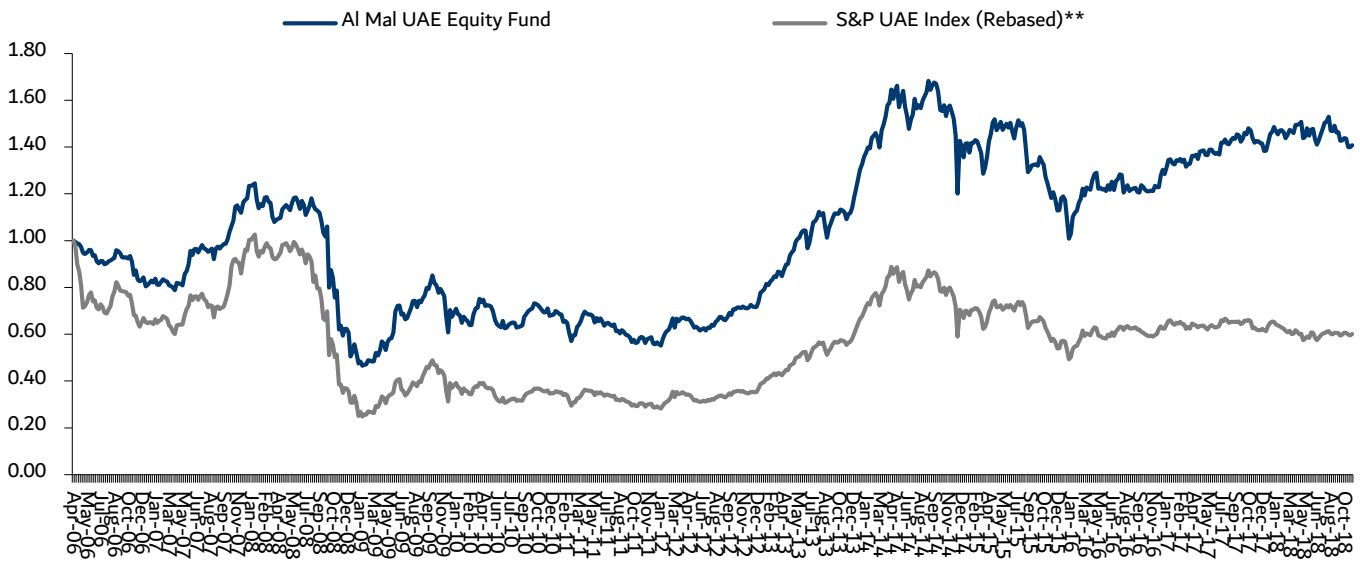
Key Terms:

Fund Manager	Charles-Henry Monchau, CFA
	Vrajesh Bhandari, CFA
Inception Date	5th April 2006
Fund Registration	UAE
Currency	AED
Fund Size	AED 30mn
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	1.7%	-2.2%	3.9%
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.	40.8%	-40.0%	80.8%

Performance[1]	Fund	Benchmark[2]	Relative Perf.
1 Month	-1.4%	0.4%	-1.8%
YTD*	1.7%	-2.2%	3.9%
1 Year	-4.3%	-9.2%	5.0%
3 Years	13.1%	-1.7%	14.8%
5 Year	25.6%	5.4%	20.2%
Since Inc.	40.8%	-40.0%	80.8%

Performance



** As of the last Wednesday of every month (31 of October, 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 1.26

October 2018

Fund Manager Commentary:

After having strongly underperformed the Abu Dhabi index so far this year, the Dubai index is slowly starting to fill the gap, with a 1% outperformance in October. The Al Mal UAE Equity Fund return (-1.4%) was impacted by the 11% decline (on low volumes) of Orascom Construction (listed in Nasdaq Dubai) – which has been under pressure recently due its exposure to Egypt.

Emirates NBD reported a good set of third quarter results. Net income rose 15% y/y boosted by expansion of net interest margins. The loan book grew 2.6% over just the last 3 months driven by public sector lending, construction and trade. With a RoE of 17% and a price-book ratio of 0.9x, valuation looks attractive.

Some interesting data came out of the Dubai Statistics Center (DSC). As per them, in the 12 months ending September 2018, the Emirate's resident population increased by 7.7% to 3.1m. The growth is somewhat counter intuitive to anecdotal evidence of a slowdown. Additionally, the population of non-resident workers and temporary residents stood at 1.16m therefore implying as much as 37% of Dubai's active daytime population coming from outside the emirate. We continue to closely monitor various data points that together help to better understand how the economy is functioning and heading to.

As per real estate consultant Chestertons, an additional 10k units are set to be delivered this year in Dubai and a further 70k before Expo 2020. This will continue to exert downward pressure on prices which have fell 3% in the most recent quarter, despite several positive initiatives being announced by the UAE Government, including the newly announced retirement visa, company ownership and 10-year residency. We don't see the market to be in equilibrium anytime soon and thus continue to underweight the sector, at least for the time being.

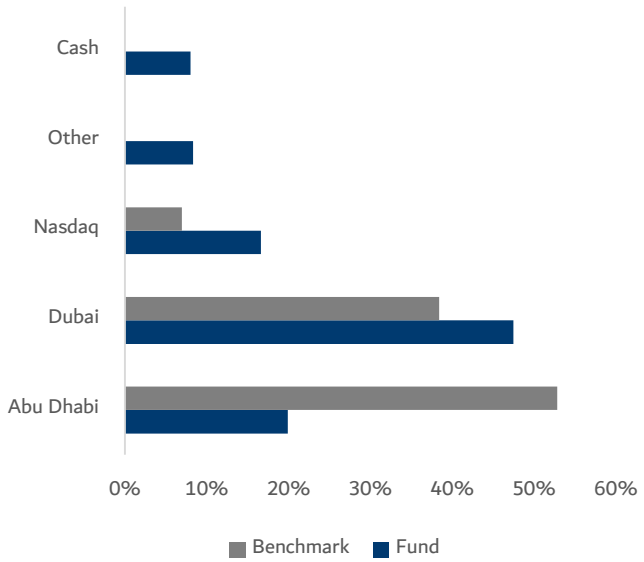
Top Portfolio Holdings	% of Fund
First Abu Dhabi Bank	13.9
Emaar Properties	10.9
Emirates NBD	10.4
Total # of Holdings	**11**

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

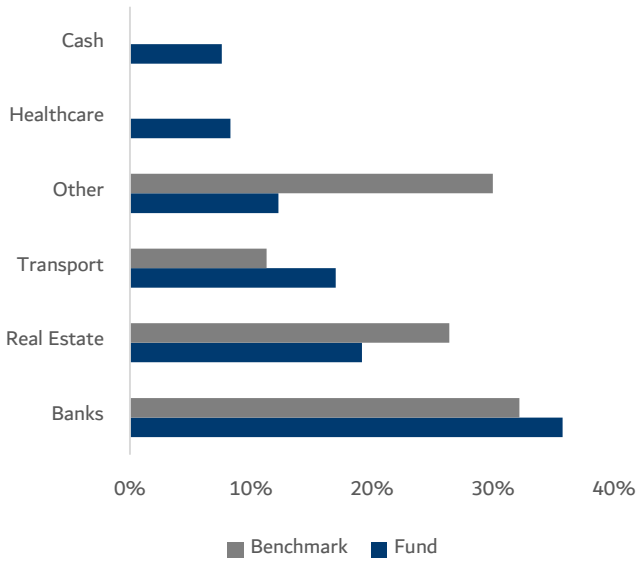
Fund Characteristics[2]	Fund	Benchmark
Standard Deviation	19.7%	21.8%
Sharpe Ratio	0.08	-0.09
Beta	0.87	
Tracking Error	5.7%	
Information Ratio	0.53	

[2] Calculated using 5-year weekly data

Geographic Allocation



Sector Allocation



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