Al Mal MENA Equity Fact Sheet

NAV Per Unit: USD 9.45

August 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.

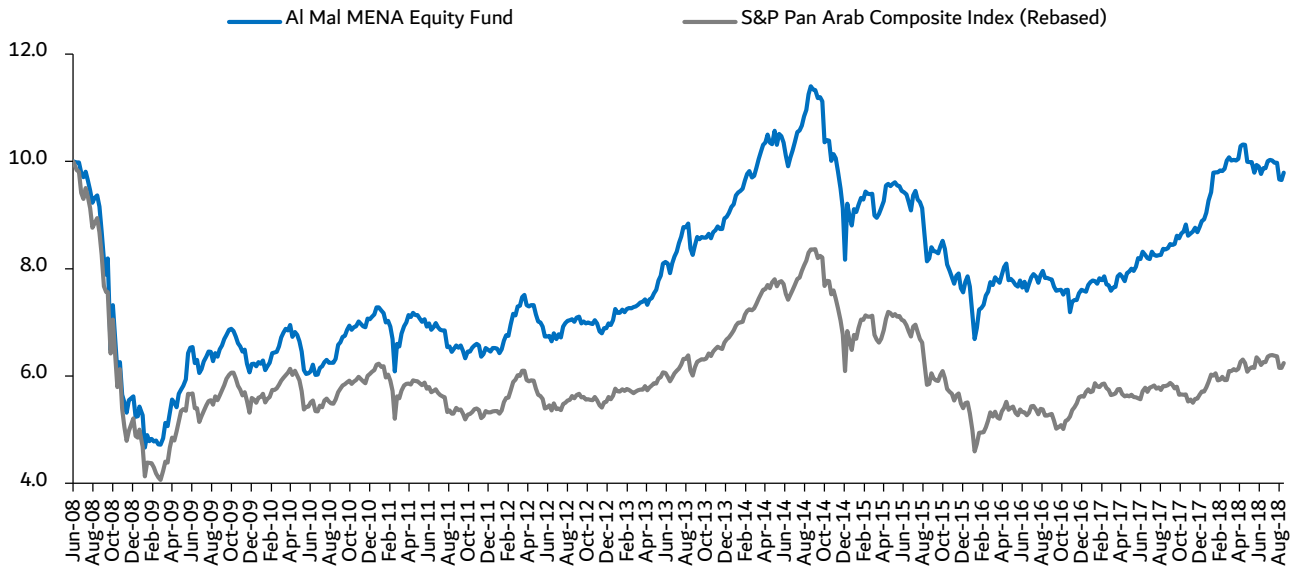
Key Terms:

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	9.8%	9.3%	0.5%
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.	-2.1%	-37.6%	35.5%

Performance[1]	Fund	Benchmark[2]	Relative Perf.
1 Month	-2.3%	-2.3%	0.0%
YTD*	9.8%	9.3%	0.5%
1 Year	17.1%	7.4%	9.7%
3 Years	19.5%	6.6%	12.9%
5 Year	18.5%	3.9%	14.6%
Since Inc.	-2.1%	-37.6%	35.5%

Performance



** As of the last Wednesday of every month (29 of August, 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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August 2018

Fund Manager Commentary:

Middle East equities were impacted to some extent by the Global Emerging Markets turmoil as the S&P Pan Arab index recorded a decline of -2.3% in August. Still, on a year-to-date basis, the MENA region sharply outperforms the mainstream EM index thanks to 3 major tailwinds: 1) the oil strength (which is a major positive for the fiscal situation of the oil exporting gulf countries); 2) the peg to the $ (i.e the region is isolated from currency risk) and; 3) structural reforms and the index inclusion story.

An important news for MENA last month was the IMF raising its economic outlook for the Kingdom of Saudi Arabia. This has been infusing some optimism in the market. Non-oil growth is strengthening by 2.3%, the oil output is increasing while energy prices remain well oriented. Importantly, the deficit is projected to fall below 5% of GDP this year and to 1.7% in 2019.

EKHO, one of our top holdings, reported another good set of quarterly results. The urea plant continues to show operational excellence achieving 104% utilization for 1H 2018 and robust profitability thanks to strong urea prices in Egypt. While there was some weakness in new pipeline connection due to the slow Ramadan season, we believe this is just a seasonal impact and that they will be on track from the next quarter. Still in Egypt, tourism revenues grew 77% year over year in 1H '18 to around $4.8bn. Our pick Orascom Holding is a play on this opportunity.

We recently raised the cash level in the fund given increased uncertainty in global EM equity markets and the contagion risk. On a long-term basis, we remain positive on the region as global investors will progressively recognize the appeal of MENA equities.

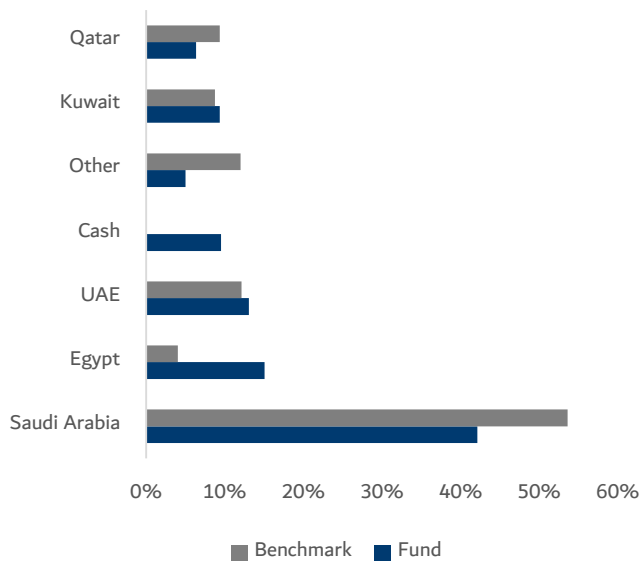
Top Portfolio Holdings	% of Fund
Al Rajhi Bank	8.0
EK Holding	7.3
Saudi Kayan	7.3
Alujain Corp	4.9
Humansoft Holding	4.5
Total # of Holdings	**28**

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

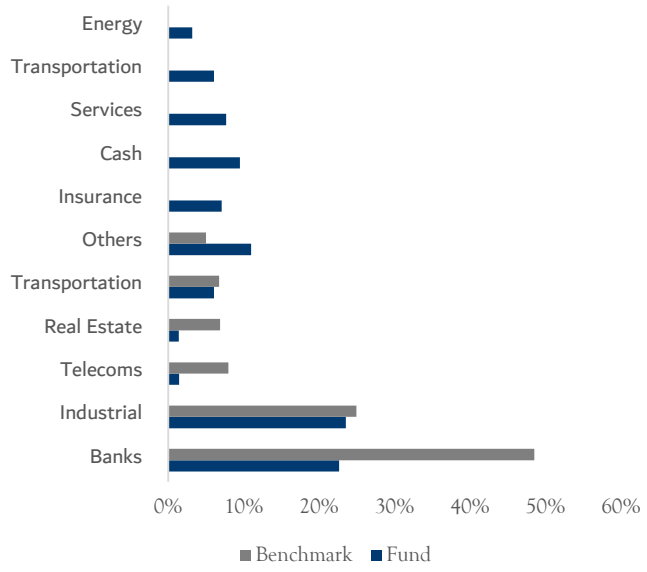
Fund Characteristics[2]	Fund	Benchmark
Standard Deviation	14.4%	14.5%
Sharpe Ratio	0.05	-0.13
Beta	0.89	-
Tracking Error	6.6%	
Information Ratio	0.40	

[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 1.38

August 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.

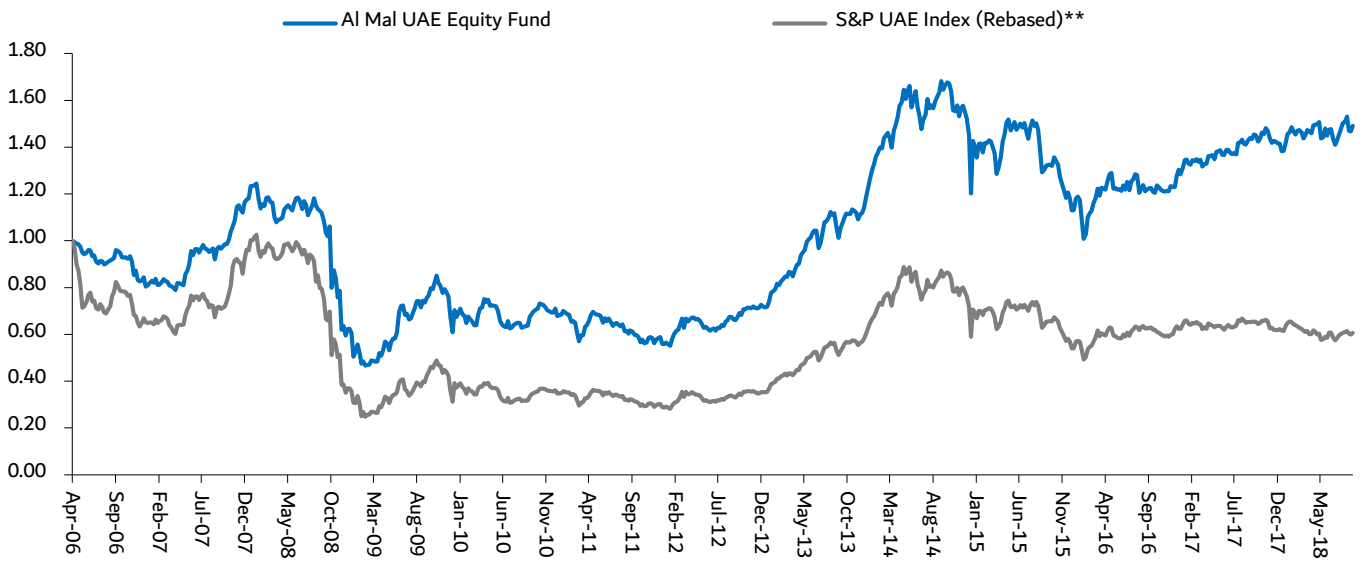
Key Terms:

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	7.7%	-1.3%	9.0%
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.	49.1%	-39.4%	88.5%

Performance[1]	Fund	Benchmark[2]	Relative Perf.
1 Month	-0.8%	0.0%	-0.8%
YTD*	7.7%	-1.3%	9.0%
1 Year	3.6%	-7.2%	10.8%
3 Years	14.4%	-5.4%	19.8%
5 Year	47.3%	18.4%	28.8%
Since Inc.	49.1%	-39.4%	88.5%

Performance



** As of the last Wednesday of every month (29 of August, 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 1.38

August 2018

Fund Manager Commentary:

The UAE equity market continues to be a tale of two cities. Abu Dhabi added 2.8% to its gains last month, bringing the year to date return to 12.2%, while Dubai had another difficult month losing 3.8% which brings the year to date performance to -16.6%. Our fund return for the month was -0.8% which means that the fund is up +7.7% year-to-date, a relative outperformance of +9.0%.

Emirates NBD was the largest negative contributor to the fund. The stock suffered due to the slide in the Turkish Lira, as the bank has agreed to acquire the Turkish lender 'Denizbank'. We reached out to ENBD Investor Relations and have been given some comfort that the deal insulates the buying party from the depreciation in the currency to a 'substantial' extent.

To our opinion, a sharp reduction in the valuation multiple is required to make the deal value neutral for shareholders. Indeed, Turkish banks now trade at an average of 40% discount to book value and it could thus also be prudent for ENBD to walk away from the deal, even if it involved them paying a large penalty. As a reminder, ENBD first half results were strong as the bank benefits from rising interest rates and reduced provisioning pressure. Second quarter earnings rose 30% year over year and the stock still trades at inexpensive multiples.

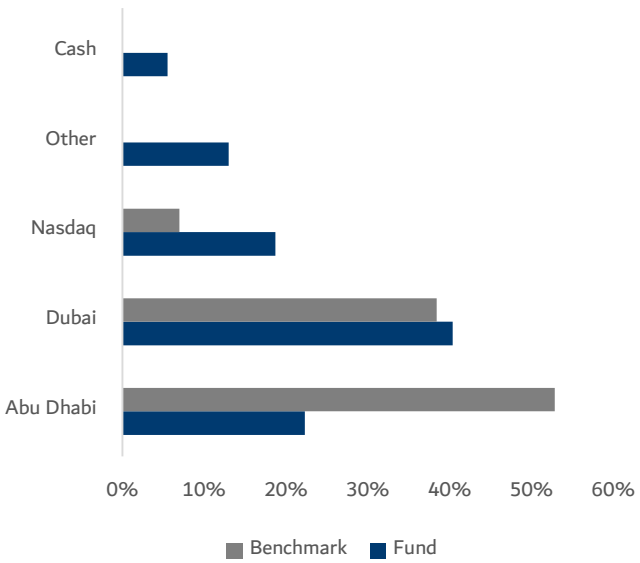
Top Portfolio Holdings	% of Fund
First Abu Dhabi Bank	22.3
Emirates NBD	13.2
NMC Healthcare	13.0
Total # of Holdings	**9**

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

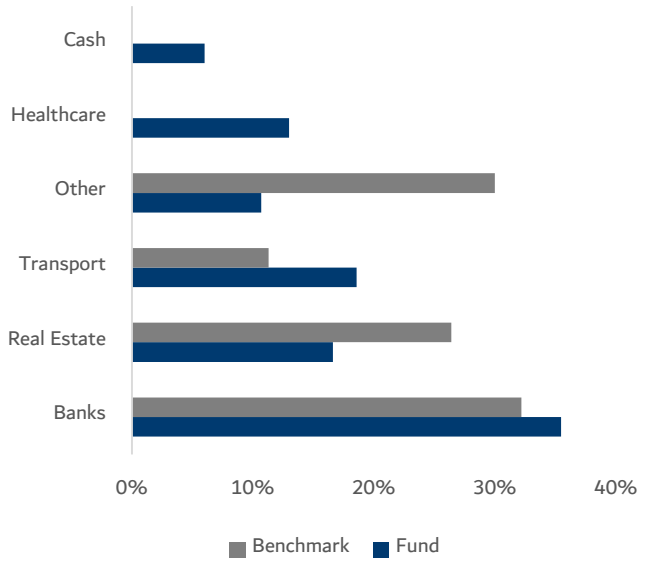
Fund Characteristics[2]	Fund	Benchmark
Standard Deviation	19.5%	22.0%
Sharpe Ratio	0.27	0.03
Beta	0.87	
Tracking Error	5.6%	
Information Ratio	0.68	

[2] Calculated using 5-year weekly data

Geographic Allocation



Sector Allocation



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