Al Mal MENA Equity Fact Sheet

NAV Per Unit: USD 9.45

July 2019

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:

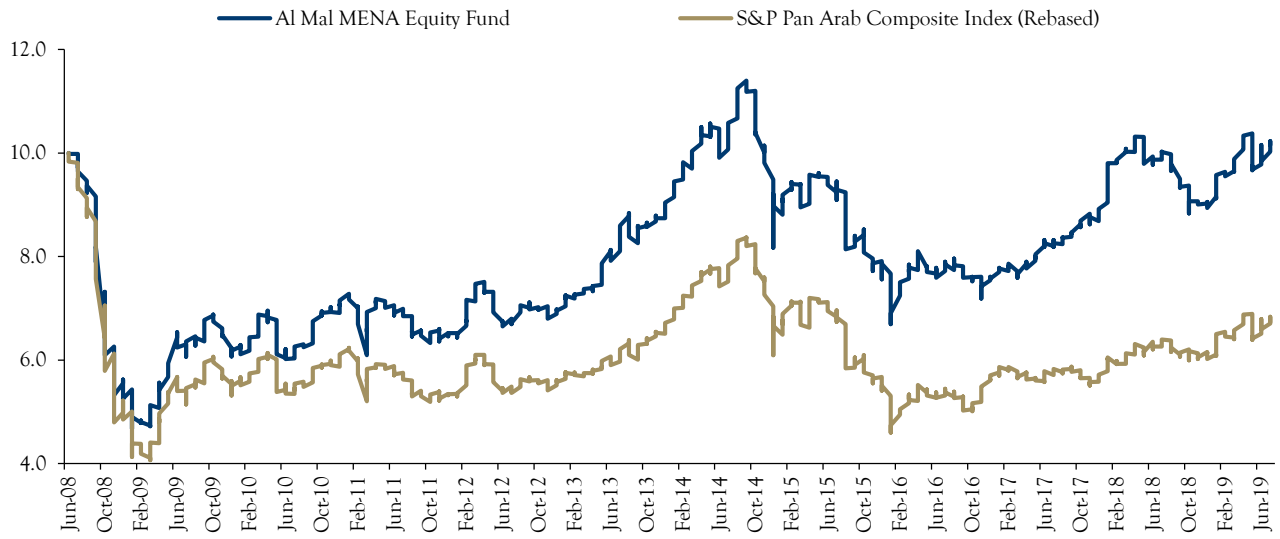
Fund Manager	Charles-Henry Monchau, CFA
	Vrajesh Bhandari, CFA
Inception Date	15th June 2008
Fund Size	USD 25 million
Strategy Size	USD 80 million
Fund Registration	Bahrain
Currency	USD
Subscription	Weekly
Min Subscription	USD 250,000
Bloomberg Code	MALMENE BI
Reuters Code	LP65123002

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.
2019	10.9%	10.2%	0.7%
2018	2.6%	6.8%	-4.1%
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.	1.5%	-32.7%	34.3%

Performance[1]	Fund	Benchmark[2]	Relative Perf.
1 Month	3.2%	2.0%	1.2%
YTD*	10.9%	10.2%	0.7%
1 Year	1.8%	5.5%	-3.7%
3 Years	31.2%	27.2%	4.0%
5 Year	-4.8%	-15.5%	10.6%
Since Inc.	1.5%	-32.7%	34.3%

Performance



** As of 31st of July 2019*

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 9.45

July 2019

Fund Manager Commentary:

MENA Equity Markets added further to their 2019 gains in July with a +2.0% positive move. UAE outperformed strongly, while Saudi & Qatar were flat. Egypt & Oman closed in the negative. AL Mal MENA Equity Fund return stood at 3.2% for the month & 10.9% for the year so far.

Extra, the electronics retailer reported stellar second quarter with a clean earnings growth of 31% y/y. The company increased its market share further to 17.4% during the first five months of 2019. The consumer finance subsidiary launched operations in June in the Eastern Province with plans to be rolled out across the kingdom gradually. Moreover, the company informed investors on its earnings call that ecommerce sales (through souq & noon) grew 35% in Q2 & now makes up 10% of topline.

A new idea we added to the portfolio - ALAFCO is an aircraft leasing company from Kuwait. The company makes a spread (which is generally very stable) over its borrowing cost. It maintains a young fleet by following an early disposal strategy to avoid technology obsolesce risk. Order book is set to double from its current fleet of 60 over the next 7 years. The stock had fallen aggressively due to certain one-off items in the financials & investor fears of their exposure to the Boeing 737 max plane, which in reality is very limited. We see the risk reward to be favourable given the diversified geographic presence & find valuations to be attractive.

Change is coming fast in the Kingdom. The country announced it will allow retail stores to operate 24 hours, for a fee. It is not clear if this excludes prayer times – which would be key, as it results into more shopping hours during the day, positively affecting discretionary spending. More importantly, the country is planning to relax its male guardianship laws to allow women to travel without requiring permission. Saudi Arabia also hosted a Beach Soccer in the NEOM mega project, bringing together six teams to compete in this debut competition.
On another note, Aramco raised gasoline prices by 5%, in line with the government's plans to reform energy and water prices. We see these as positive developments enhancing the attractiveness as an investment destination.

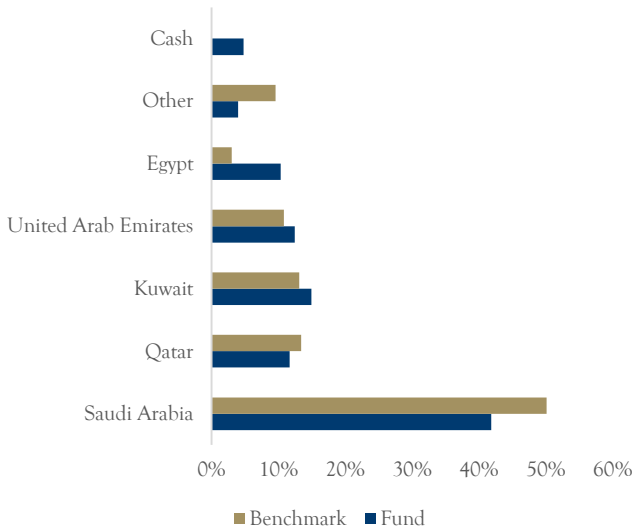
Top Portfolio Holdings	% of Fund
Al Rajhi Bank	6.0
Qatar National Bank	5.8
National Bank of Kuwait	5.7
Saudi Basic Industries Corp	4.1
Kuwait Finance House	3.7
Total # of Holdings	**39**

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

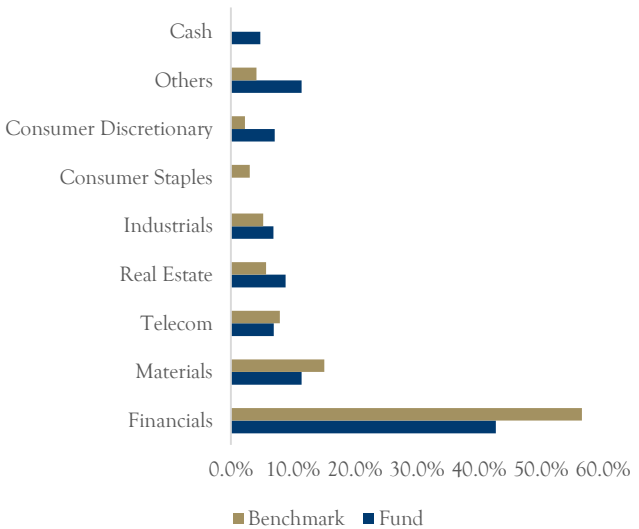
Fund Characteristics[2]	Fund	Benchmark
Standard Deviation	14.6%	14.9%
Sharpe Ratio	-0.28	-0.43
Beta	0.88	
Tracking Error	6.7%	
Information Ratio	0.33	

[2] Calculated using 5-year weekly data

Geographic Allocation



Sector Allocation



Disclaimer

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Al Mal UAE Equity Fact Sheet

NAV Per Unit: AED 1.32

July 2019

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.

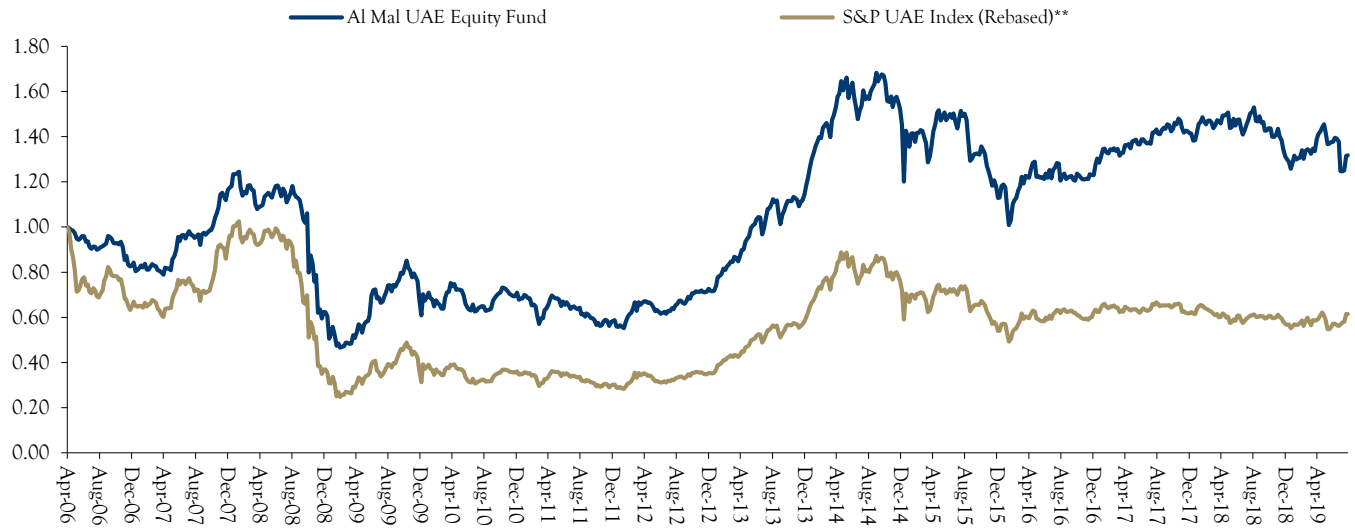
Key Terms:

Fund Manager	Charles-Henry Monchau, CFA
	Vrajesh Bhandari, CFA
Inception Date	5th April 2006
Fund Registration	UAE
Currency	AED
Fund Size	AED 38mn
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.
2019	12.7%	8.5%	4.2%
2018	-5.7%	-7.7%	2.0%
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.	47.1%	-38.5%	85.6%

Performance[1]	Fund	Benchmark[2]	Relative Perf.
1 Month	6.7%	9.3%	-2.5%
YTD*	12.7%	8.5%	4.2%
1 Year	-2.5%	0.8%	-3.3%
3 Years	17.3%	-0.6%	17.9%
5 Year	-6.1%	-23.2%	17.2%
Since Inc.	47.1%	-38.5%	85.6%

Performance



** As of 31st of July 2019*

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 UAE Composite Index

Al Mal UAE Equity Fact Sheet

NAV Per Unit: AED 1.32

July 2019

Fund Manager Commentary:

Last month was a huge one for the UAE markets. Dubai jumped 11%, while Abu Dhabi also came in strong with a 7.3% gain. The UAE-China partnership fired up the real estate stocks. Emaar signed an MoU with a Chinese company for a real estate project in Beijing, with a value of USD 11bn. The joint development of a Business and Tourism Complex at Daxing International Airport is a stepping stone into the Chinese real estate market. The company has been expanding its presence in the country over the past few years in an attempt to attract Chinese investors to buy properties within Dubai.

Aldar won a AED 5bn in Abu Dhabi government contracts. This includes an AED 2bn contract to complete Saddiyat Island infrastructure, AED 2bn contract for development of villas at 'Al Falah' – a master community developed for UAE nationals and AED 1bn in contract for development of twofour 54 campus (a media and entertainment hub) on Yas Island. The company upped the gross profit guidance for 2019 by 50%. Stock has done very well, rising 50% since its low in Feb of this year, but we still see decent upside.

Emirates NBD received the approvals from the UAE central bank and Turkey's banking regulator to acquire Denizbank. On completion of the transaction, the bank's CET 1 ratio will decline below 14% which although would be well above the minimum requirement of 11%, the lender would go for a rights issue in order to preserve its credit rating. The change in the FOL (foreign ownership limit) could be affected before the capital increase.

DP World acquired 100% of Topaz Energy - a marine logistics and solutions provider to the global energy industry where the company operates a fleet of 117 vessels with operations mostly in the Caspian Sea. The acquisition is in line with DP World's strategy to grow presence in marine logistics. Topaz generated FY18 revenues and EBITDA of USD 350mn and USD 190mn and has a contract backlog of USD 1.6bn. This values the target at an attractive 5.7x EV/EBITDA multiple.

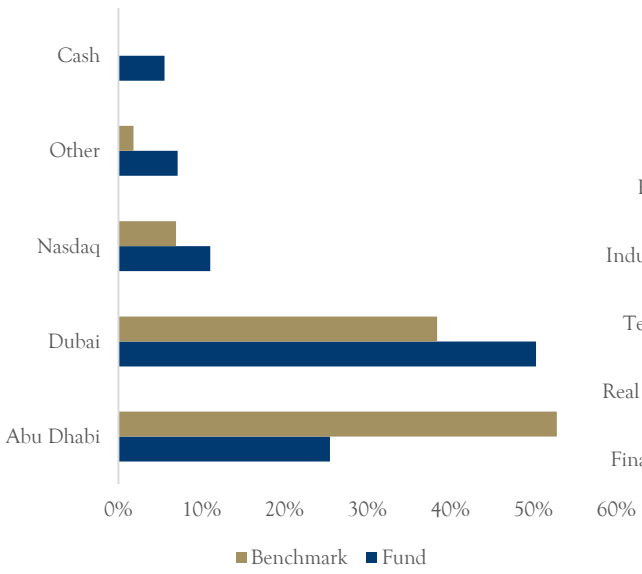
Top Portfolio Holdings	% of Fund
Emaar Properties	10.6
Abu Dhabi Commercial Bank	8.5
Dubai Islamic Bank	7.9
Total # of Holdings	**14**

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

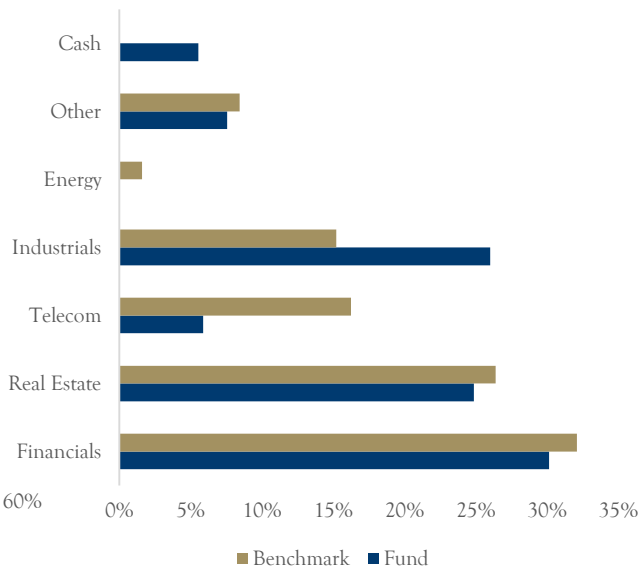
Fund Characteristics[2]	Fund	Benchmark
Standard Deviation	19.0%	20.7%
Sharpe Ratio	-0.23	-0.40
Beta	0.87	
Tracking Error	6.4%	
Information Ratio	0.58	

[2] Calculated using 5-year weekly data

Geographic Allocation



Sector Allocation



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