Al Mal MENA Equity Fact Sheet

NAV Per Unit: USD 8.91

January 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.

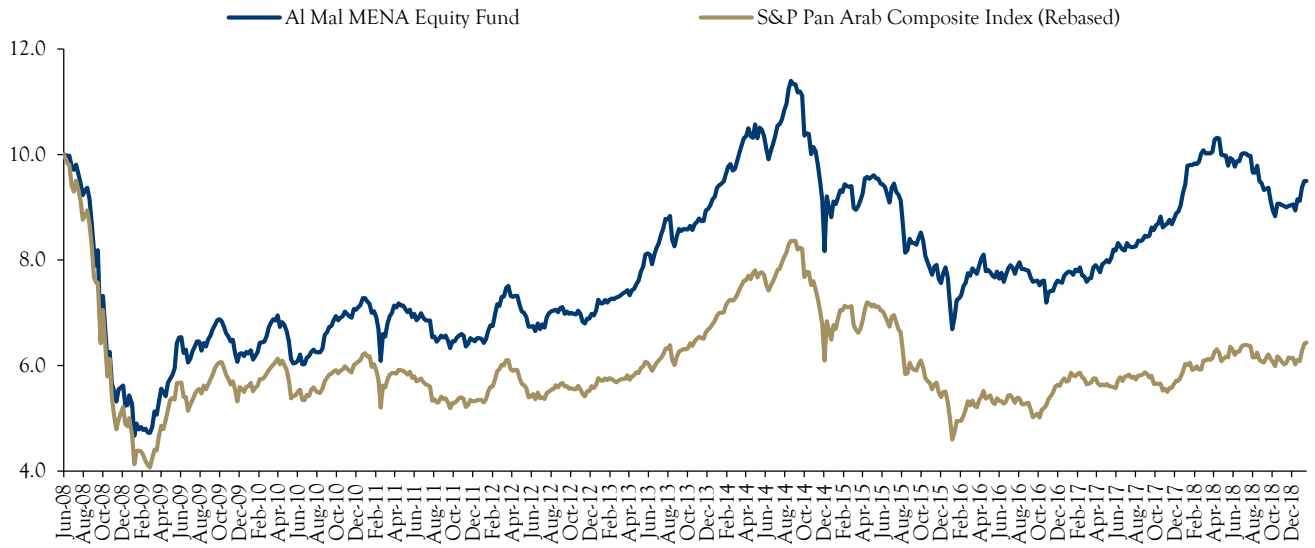
Key Terms:

Fund Manager	Charles-Henry Monchau, CFA
	Vrajesh Bhandari, CFA
Inception Date	15th June 2008
Fund Size	USD 27 million
Strategy Size	USD 85 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	4.6%	6.5%	-1.9%
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.	-4.3%	-35.0%	30.7%

Performance[1]	Fund	Benchmark[2]	Relative Perf.
1 Month	4.6%	6.5%	-1.9%
YTD*	4.6%	6.5%	-1.9%
1 Year	-2.3%	7.5%	-9.8%
3 Years	32.2%	31.5%	0.7%
5 Year	0.9%	-7.3%	8.1%
Since Inc.	-4.3%	-35.0%	30.7%

Performance



** As of 30th of January 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

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January 2019

Fund Manager Commentary:

Global Equities had a great start of the year, as the US S&P 500 and the MSCI Emerging Markets indices both recorded a gain of approx. 7% in January. The Middle East equity benchmark S&P Pan Arab is also off a good start with a gain of 6.5% in January, which is a better performance than the annual returns for the last 5 years. The main driver of this rally in MENA was Saudi Arabia with a monthly gain of +9.7%, while Egypt is a close second (+8.1%). The rest of the GCC is lagging behind by a far margin. Our Fund is capturing this 'beta rally' opportunistically with a gain of +4.6%.

Sentiment with regards to Egypt has vastly improved recently thanks to falling core inflation and a USD2bn loan disbursement from the IMF. The Egyptian pound strengthened against the dollar on the cancellation of the repatriation mechanism. We are also seeing a recovery of foreign inflows, following 6 months of outflows. We now expect the central bank to cut interest rates at the upcoming MPC albeit by a small amount. In Saudi, total net foreign inflow in January has surpassed the USD 1.2bn mark, i.e more than for the full year of 2018. Foreigners' ownership is still under 2% (excluding strategic stakes), which can potentially grow in multiples should the USD 50bn of active and passive flows come in. The quantity is being supplied by Saudi individuals and Saudi institutional DPMs.

Within the portfolio, we have seen healthy earnings results coming out for most our holdings. Emirates NBD's bottom line for the full year is 20% higher. Humansoft in Kuwait reported earnings growth of 8% on a clean basis, driven by higher number of enrollments. eXtra, the electronics retailer in KSA, improved its quarterly results 9% yoy despite the fact that last year quarter was abnormally strong due to pre-VAT purchases. eXtra continues to gain share in a declining market. The banks in Saudi Arabia – one of our favorite themes for some time – continue to benefit from expanding NIMs and falling cost of risk. These stocks have delivered more than 50% return and further upside is difficult to justify on fundamental grounds.

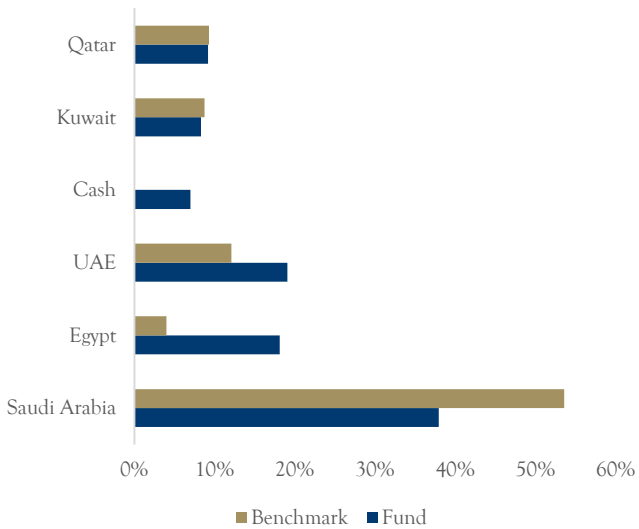
Top Portfolio Holdings	% of Fund
Al Rajhi Bank	8.8
National Commercial Bank	6.4
Humansoft Holding	5.3
Orascom development	4.8
SABIC	4.8
Total # of Holdings	**36**

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

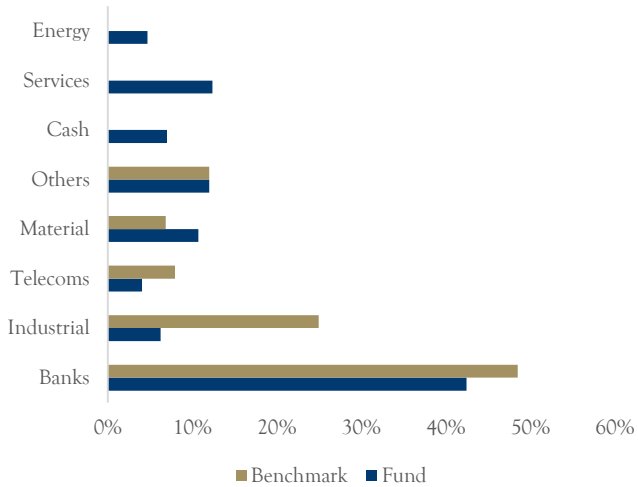
Fund Characteristics[2]	Fund	Benchmark
Standard Deviation	14.5%	14.6%
Sharpe Ratio	-0.20	-0.31
Beta	0.88	-
Tracking Error	6.8%	
Information Ratio	0.25	

[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 1.17

January 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.

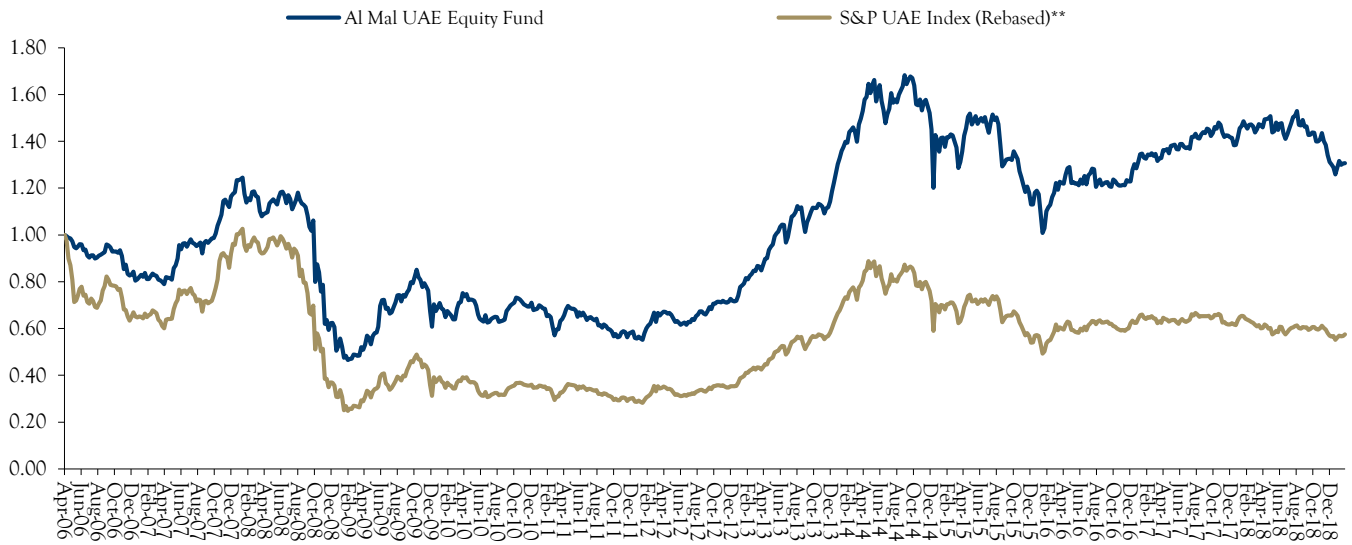
Key Terms:

Fund Manager	Charles-Henry Monchau, CFA
	Vrajesh Bhandari, CFA
Inception Date	5th April 2006
Fund Registration	UAE
Currency	AED
Fund Size	AED 29mn
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	0.1%	1.4%	-1.3%
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.	30.7%	-42.6%	73.3%

Performance[1]	Fund	Benchmark[2]	Relative Perf.
1 Month	0.1%	1.4%	-1.3%
YTD*	0.1%	1.4%	-1.3%
1 Year	-11.5%	-10.5%	-0.9%
3 Years	18.7%	7.1%	11.6%
5 Year	-6.3%%	-20.9%	14.7%
Since Inc.	30.7%	-42.6%	73.3

Performance



** As of 30th of January 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 Pan Arab Composite Index

Al Mal UAE Equity Fact Sheet

NAV Per Unit: AED 1.17

January 2019

Fund Manager Commentary:

The Abu Dhabi's outperformance over Dubai was very strong last year and it remained intact in January as Abu Dhabi (+1.8%) outperformed Dubai (+0.4%) on the back of the announcement of increase in the FOL (foreign ownership limit) by First Abu Dhabi Bank and the merger agreement between the capital's banks.

Consolidation in the banking sector in the region is a long term positive. The merger of ADCB, UNB and Al Hilal will create the fourth largest bank in the GCC. Management expects cost synergies to equal 13% of the combined cost base of the group. It provides a much larger and more balanced customer portfolio with a decent share of Islamic financing. The new group will carry the ADCB identity, thereby limiting rebranding costs. Integration should be smooth given ownership of Government of Abu Dhabi across all three entities. Emirates NBD reported 10% y/y profit increase driven by lower loan loss charges. Erosion in CASA mix is apparent and can mute the positive impact of rising rates on spreads for the sector. We understand the acquisition of the Turkish lender Denizbank is taking longer on account of regulators across various jurisdictions. Overall for the full year the bank's bottom line is 20% higher compared to the previous year. For 2019, it expects mid-single loan digit and stable margins.

The Ruler of Dubai approved the plan DIFC 2.0 - which will add 13 million square feet of space to the hub and will triple the scale of the existing financial center. This will cement its position as a pivotal economic and commercial hub for the region in line with the recently unveiled "Fifty-Year Charter". Moreover, the World Bank expects the growth in UAE GDP to accelerate to 3% in 2019 from 2% last year and 3.2% in the following two years of 2020 and 2021. It said higher investment and regulatory reforms should support growth, despite headwinds in the global economic growth. We see these developments as encouraging signs that can lead to improvement of sentiment.

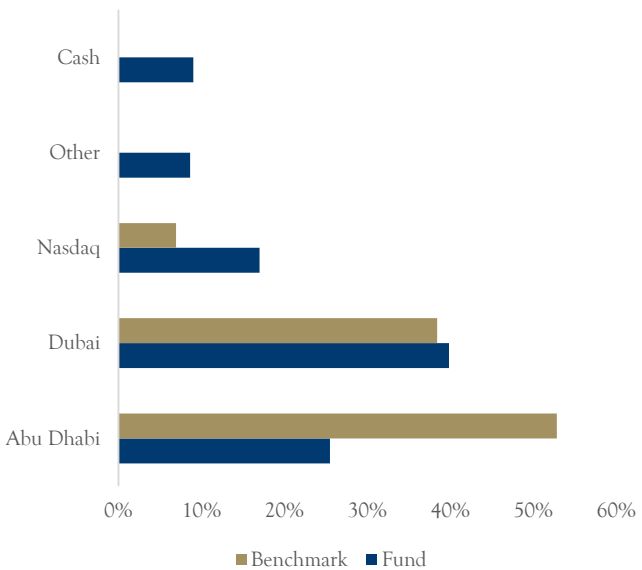
Top Portfolio Holdings	% of Fund
Dana Gas	12.4
Emirates NBD	11.4
DP World	10.0
Total # of Holdings	**11**

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

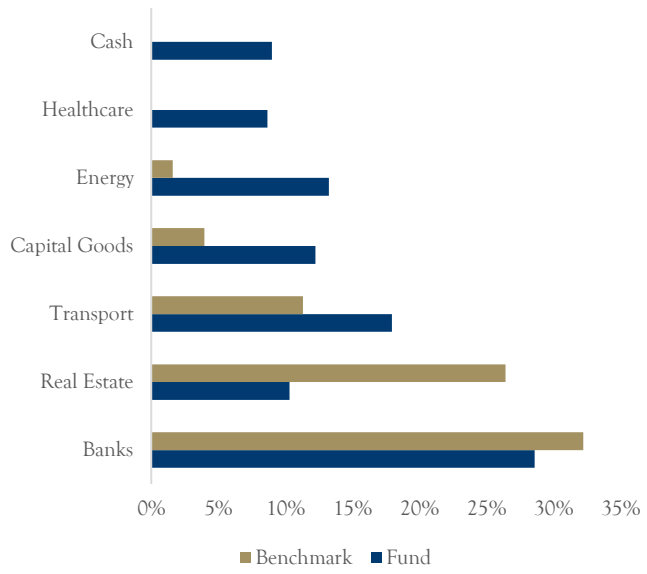
Fund Characteristics[2]	Fund	Benchmark
Standard Deviation	19.6%	21.5%
Sharpe Ratio	-0.22	-0.36
Beta	0.88	
Tracking Error	5.7%	
Information Ratio	0.55	

[2] Calculated using 5-year weekly data

Geographic Allocation



Sector Allocation



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