Al Mal MENA Equity Fact Sheet

NAV Per Unit: USD 8.52

المال كابيتال
Al Mal Capital

December 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.

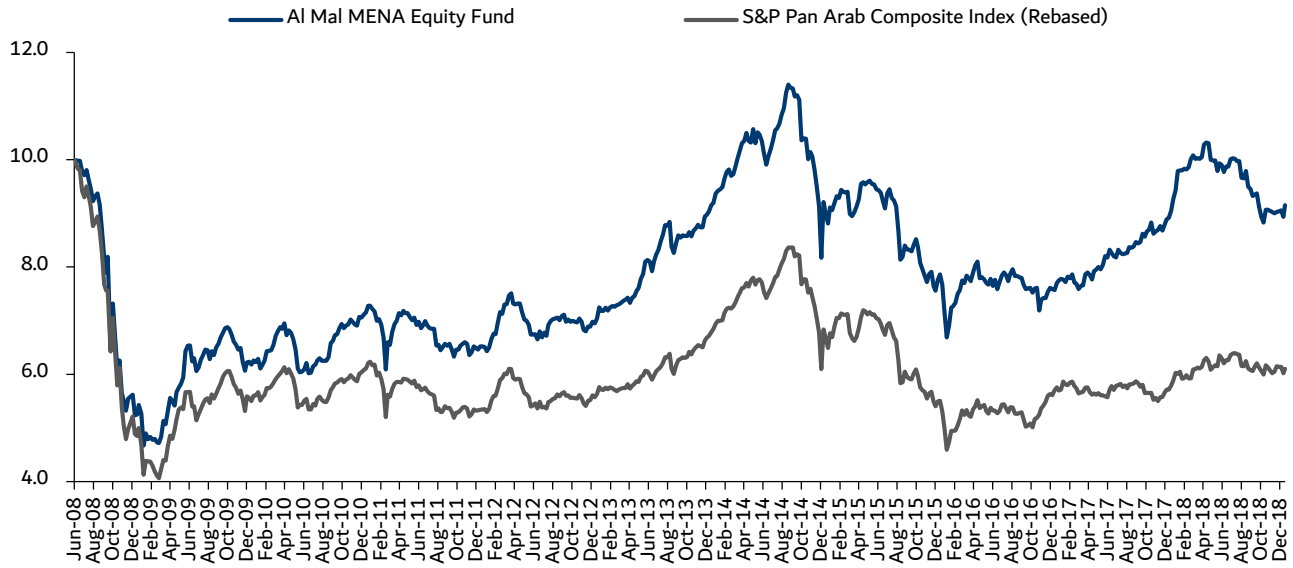
Key Terms:

Fund Manager	Charles-Henry Monchau, CFA
	Khaled Abdel Majeed
	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.
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.	-8.5%	-39.0%	30.5%

Performance[1]	Fund	Benchmark[2]	Relative Perf.
1 Month	1.7%	0.9%	0.8%
YTD*	2.6%	6.8%	-4.1%
1 Year	2.6%	6.8%	-4.1%
3 Years	19.3%	15.0	4.3%
5 Year	-0.5%	-10.9%	10.4%
Since Inc.	-8.5%	-39.0%	30.5%

Performance



** As of 31 of December 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 8.52

December 2018

Fund Manager Commentary:

The last month of the year happened to be a very challenging one for risk assets as U.S equities and Crude Oil fell by around 9%. In this context, Middle East equities were resilient as the S&P Pan Arab posted a gain of +0.9%. The Al Mal MENA equity Fund ended the year on a positive note with a rise of +1.7%.

For the full year, the S&P Pan Arab Index is up +6.8%. Qatar, Abu Dhabi and Saudi Arabia were top performers while Dubai, Egypt and Oman ended at the bottom of the table. The Fund is up +2.6% hence underperforming the index. While the market conditions were less favorable to our investment style in 2018, we note that since the change of strategy in early 2017, the Fund is up +20.9% against +8.2% for the S&P Pan Arab index.

One of our holding Orascom Development Egypt announced the completion of the sale of its stake in two hotels (Royal Azur and Club Azur) and a land plot in Makadi. The agreement was concluded at a total enterprise value of EGP856mn, resulting into total cash proceeds of EGP408mn, which will be utilized to deleverage the balance sheet. Earlier the company said it will open a 100-room hotel in El Gouna under Thomas cook brand name. According to the World Bank, Egypt requires a USD 675bn investment in infrastructure (transport, water, etc.) over the next 20 years. The bank estimates that Egypt can provide up to USD 445bn, thus resulting in a gap of USD 230bn. This suggests a shift to private-public partnerships and policy reforms in each subsector. Our portfolio has exposure to this theme through investment in Orascom Construction.

Saudi Arabia announced its budget for 2019 expecting a deficit of 4.2% of GDP vs IMF expectation of 1.7%. Budgeted spending is expected to increase by 7% largely due to increase in capital spending which is a positive sign. Despite much speculation government decided to not rolling back expat levy which means there will not be any relief from expat exodus in 2019. On the other hand they decided to extend the citizen allowance for another year which will help to support local spending.

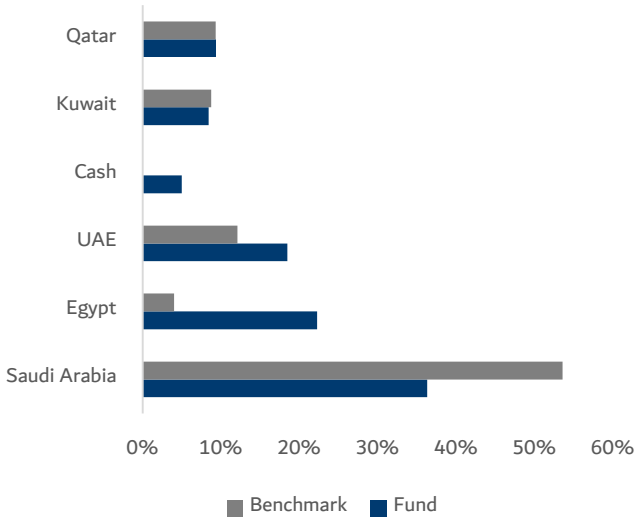
Top Portfolio Holdings	% of Fund
Al Rajhi Bank	8.2
Qatar National Bank	6.0
SABIC	5.6
Dana Gas	5.0
Humansoft Holding	4.7
Total # of Holdings	**33**

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

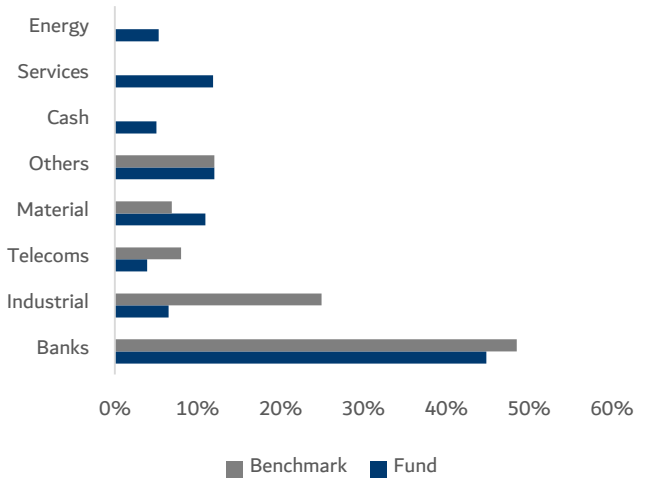
Fund Characteristics[2]	Fund	Benchmark
Standard Deviation	14.5%	14.6%
Sharpe Ratio	-0.22	-0.37
Beta	0.89	-
Tracking Error	6.8%	
Information Ratio	0.31	

[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 1.17

December 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.

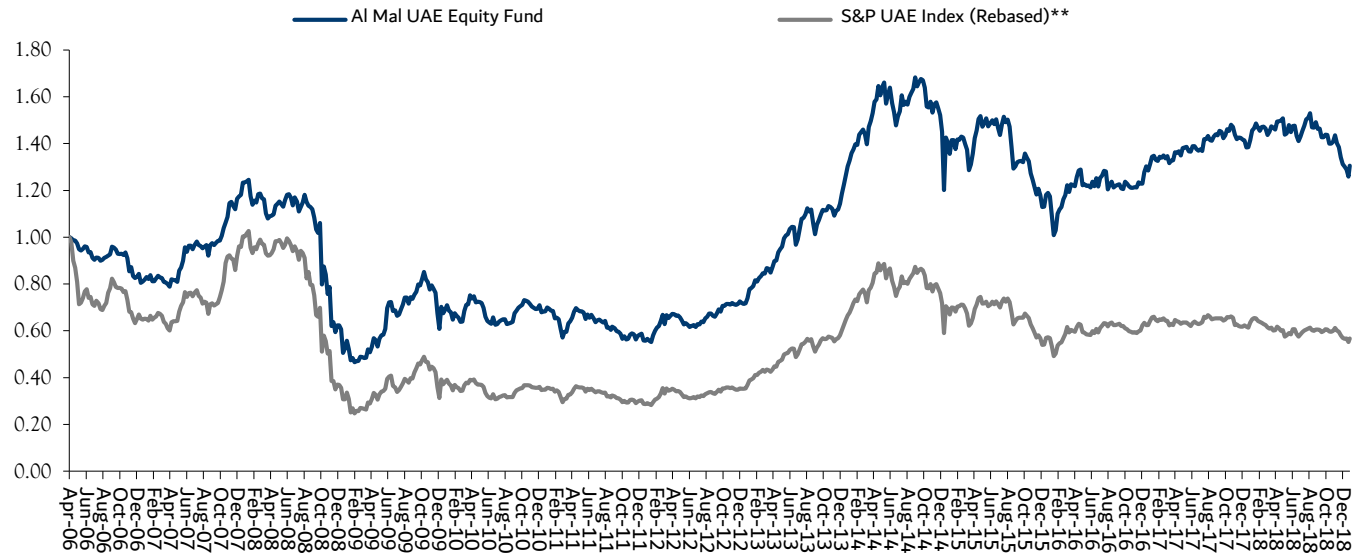
Key Terms:

Fund Manager	Charles-Henry Monchau, CFA
	Khaled Abdel Majeed
	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.
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.	30.6%	-43.4%	74.0%

Performance[1]	Fund	Benchmark[2]	Relative Perf.
1 Month	-2.6%	-2.5%	-0.1%
YTD*	-5.7%	-7.7%	2.0%
1 Year	-5.7%	-7.7%	2.0%
3 Years	11.2%	-0.3%	11.6%
5 Year	-1.7%	16.3%	14.7%
Since Inc.	30.6%	-43.4%	74.0%

Performance



** As of 31 of December, 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 1.17

December 2018

Fund Manager Commentary:

December was another difficult month for UAE equities as the S&P UAE Index fell 2.6% after last month's -5%. Dubai's DFM index retreated -5.8% as poor sentiment got aggravated by forced liquidation of leveraged positions.

2018 saw Abu Dhabi outperformed its neighbor by 37 percentage points, mainly due to the strong showing of First Abu Dhabi Bank. Overall the benchmark UAE Index declined 7.7%. Our Fund outperformed by 200 basis points.

Dana Gas – one of our portfolio holdings - said production reached 70,000 barrels of oil per day (bpd) last month after debottlenecking in Kurdistan region of Iraq. The company is making further investment to double current production over the coming three years. For us, this is a special situation investment – we are confident of a favorable award in the arbitration case against Iran.

The Department of Tourism and Commerce Marketing (DTCM) announced that the combined number of tourists visiting Abu Dhabi and Dubai increased by 1.6% during the first eight months of 2018 compared to same period last year. Room occupancy rates increased by 4.2%. However, average daily room prices decreased by 5.4%. This outcome is better than some fears and we view this is a positive. The key highlight though is the 65% increase in Russian tourists - supported by the loosening of entry visa requirements, despite a plunge in the value of the Ruble. Number of tourists from China and Germany increased by 11.6% and 14.7% y/y respectively.

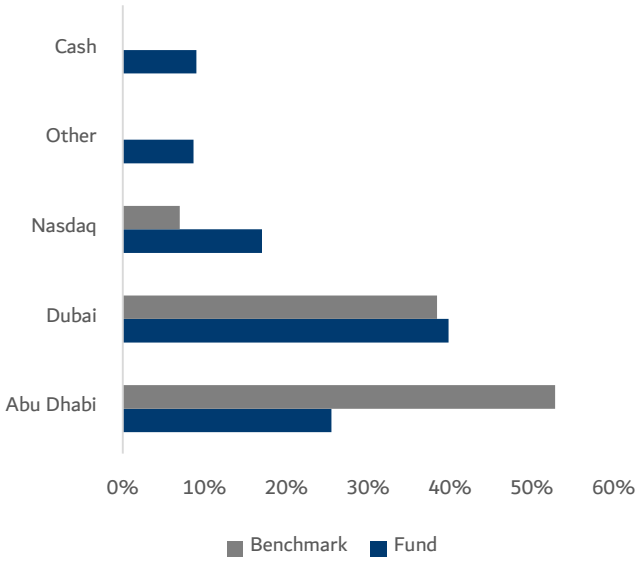
Top Portfolio Holdings	% of Fund
Dana Gas	13.7
Emirates NBD	10.8
DP World	10.1
Total # of Holdings	**11**

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

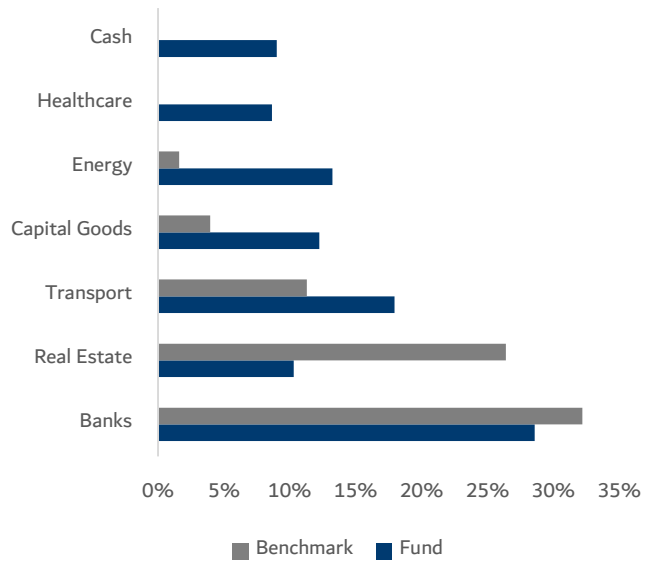
Fund Characteristics[2]	Fund	Benchmark
Standard Deviation	19.6%	21.7%
Sharpe Ratio	-0.17	-0.30
Beta	0.88	
Tracking Error	5.7%	
Information Ratio	0.57	

[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.