Al Mal MENA Equity Fact Sheet

NAV Per Unit: USD 9.16

June 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:

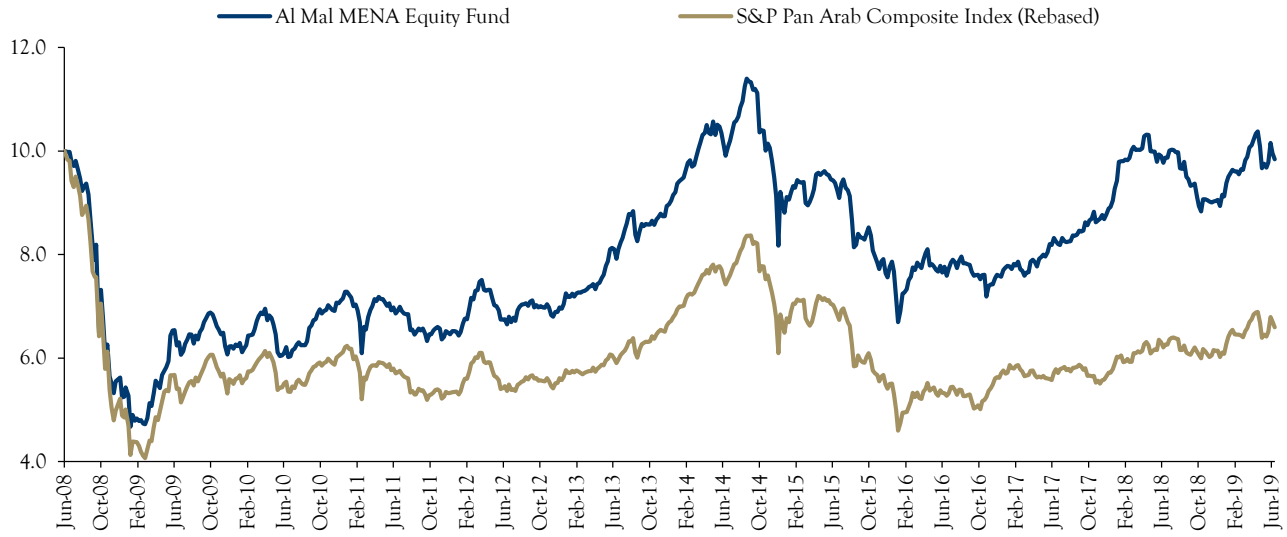
Fund Manager	Charles-Henry Monchau, CFA
	Vrajesh Bhandari, CFA
Inception Date	15th June 2008
Fund Size	USD 25 million
Strategy Size	USD 80 million
Fund Registration	Bahrain
Currency	USD
Subscription	Weekly
Min Subscription	USD 250,000
Bloomberg Code	MALMENE BI
Reuters Code	LP65123002

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	7.5%	8.0%	-0.5%
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.	-1.6%	-34.1%	32.5%

Performance[1]	Fund	Benchmark[2]	Relative Perf.
1 Month	1.7%	2.8%	-1.2%
YTD*	7.5%	8.0%	-0.5%
1 Year	-0.3%	5.3%	-5.6%
3 Years	29.7%	25.1%	4.6%
5 Year	-2.3%	-12.2%	10.0%
Since Inc.	-1.6%	-34.1%	32.5%

Performance



** As of 26 of Jun 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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June 2019

Fund Manager Commentary:

Global equity markets bounced back strongly in June after last month pullback. US stocks jumped 6.3% while the MSCI Emerging Markets Index added 4.7%. In this context MENA underperformed with a gain of 2.8% partly explained by the 4.2% decline in Oil prices. Qatar was the best performer with a 4.9% gain as investors rotated out of Saudi Arabia and Kuwait.

Portfolio holding eXtra closed a securitization deal worth SAR 166mn of its installment sales' receivables portfolio. The cash inflow from the transaction will be utilized for repayment of debt, thereby reflecting positively on their financial indicators and on its future credit rating. It also has the effect of discounting the future net income to the present; Q2 will see a gain of 17mn which otherwise would have been recorded in subsequent quarters. It is important to note that as of Q1 the receivables portfolio was worth SAR 377mn with a bad debts ratio of 3%.

Orascom Development in Egypt renegotiated lower the cost of some of its debt. The transaction involves repayment of EGP 650mn by June 2019, while lenders agreed to reduce the borrowing cost on foreign currency debt by 100bps. This will decrease the company's weighted average cost of debt to 9.3% from 10.5% and result in annual savings of EGP70mn in interest payments this year and a total of EGP320mn over a six-year period (2019-24). The amendment puts the company's balance sheet in a stronger position with bulk of the debt (>80%) in FCY-denomination. The interest expense savings for 2019 roughly adds 10% to net income estimate.

In Saudi Arabia, the government launched an Exports Stimulus Program. As part of the National Industrial Development and Logistics Program, the new initiative supports national exporters to expand into international markets and increase their competitiveness, in line with Vision 2030, which aims to increase the contribution of non-oil exports to the Kingdom's non-oil GDP from 16% to 50%. The incentives range from SAR20,000 to SAR255,000, at various coverage limits based on the activity.

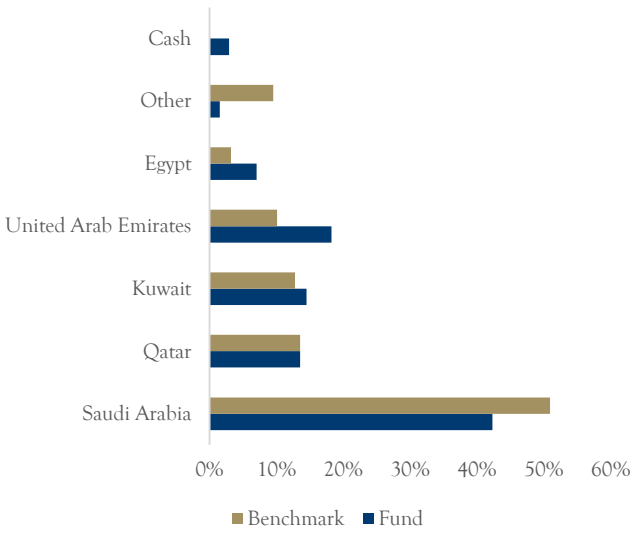
Top Portfolio Holdings	% of Fund
Al Rajhi Bank	6.2
National Bank of Kuwait	5.8
Qatar National Bank	5.8
Saudi Basic Industries Corp	4.4
Samba Financial Group	3.8
Total # of Holdings	**39**

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

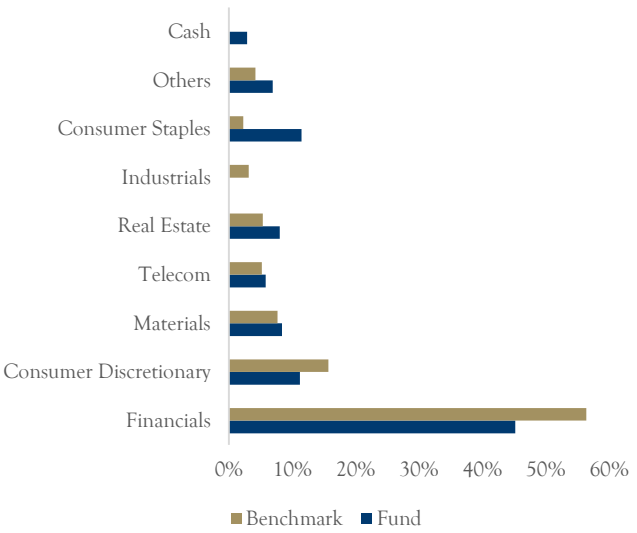
Fund Characteristics[2]	Fund	Benchmark
Standard Deviation	14.6%	14.9%
Sharpe Ratio	-0.24	-0.38
Beta	0.88	
Tracking Error	6.7%	
Information Ratio	0.33	

[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 1.23

June 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.

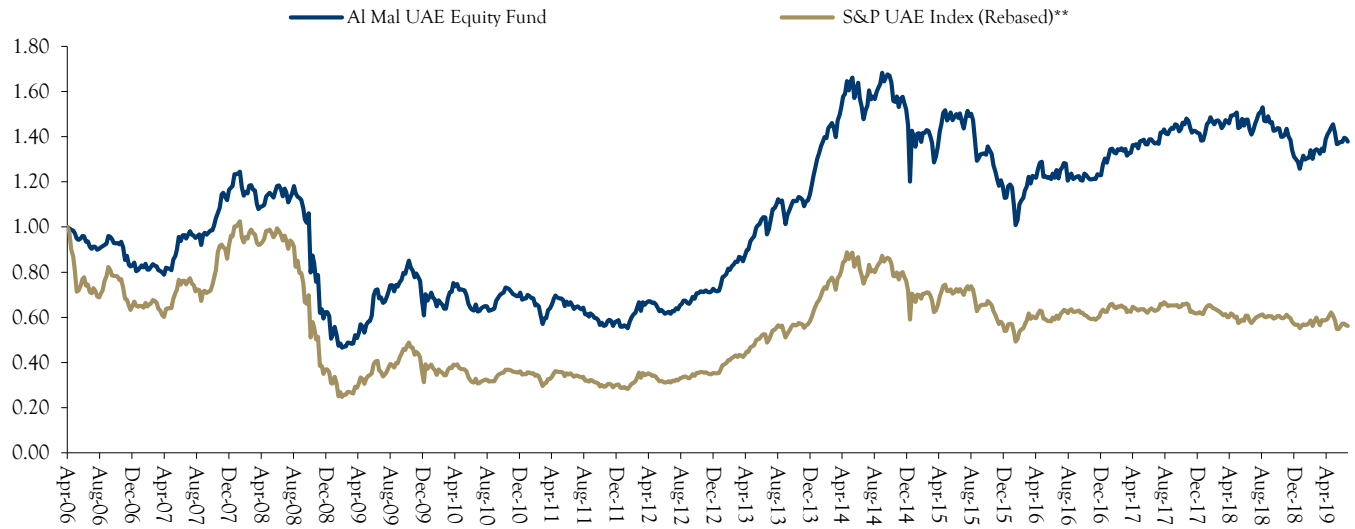
Key Terms:

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	5.6%	-0.7%	6.3%
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.	37.9%	-43.7%	81.6%

Performance[1]	Fund	Benchmark[2]	Relative Perf.
1 Month	0.2%	0.6%	-0.5%
YTD*	5.6%	-0.7%	6.3%
1 Year	-2.2%	-2.2%	-0.1%
3 Years	13.5%	-5.1%	18.6%
5 Year	-9.1%	-27.3%	18.3%
Since Inc.	37.9%	-43.7%	81.6%

Performance



** As of 26 of Jun 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 1.23

June 2019

Fund Manager Commentary:

The S&P UAE Index was up 0.6% last month. Both Abu Dhabi and Dubai Indices fared better, but the Index performance was dragged lower by the -7% decline in DP World, which is listed on Nasdaq Dubai.

Aldar, the property developer from Abu Dhabi had a very good month, adding ~10% in price gain. The company launched a residential community exclusively for UAE nationals. Alreeman 2 is a AED1.7bn project spread across an area of 2.4mn sqm resulting in 1690 villa plots, and follows the success of Alreeman launched in January. It has so far this year generated off-plan sales worth AED 2.4bn, compared to 2.6bn for the full year 2018 . Moreover, the company has finalized a lease agreement with Apparel Group, a fashion and lifestyle retail conglomerate, for 23 stores, covering over 100,000 sq ft of retail space across three malls - Yas Mall, The Mall at WTCAD and Al Jimi Mall. We like the company on several counts- expected benefits of the Emaar JV, consolidation of TDIC assets and a potential divestment of recurring business could be catalysts.

With the objective to boost the economy, the UAE government made two new announcements – first, expat executives would also be eligible for the gold card. The applicants should have a bachelor's degree, at least five years of experience in the country and a monthly salary of not less than AED 30,000. Secondly, Abu Dhabi will guarantee 75% of loan amount to SMEs in order to open up more avenues of financing for the cash-strapped sector. AED 9bn has been set aside and the package will be open to both Emirati and expatriate-owned businesses in the emirate, with revenues as low as AED15mn and up to AED250mn.

The PMI figure for UAE at 59.4 is encouraging. Strong market demand along with the start of new projects contributed to this increase. However, it is important to note that output growth has come on back of heavy 'price discounting', which is not sustainable.

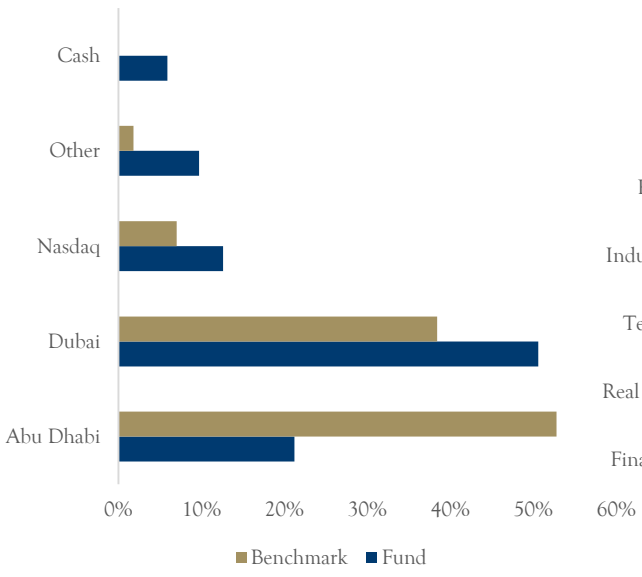
Top Portfolio Holdings	% of Fund
Emirates NBD	11.4
Dubai Islamic Bank	10.5
EMAAR Properties	9.0
Total # of Holdings	**13**

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

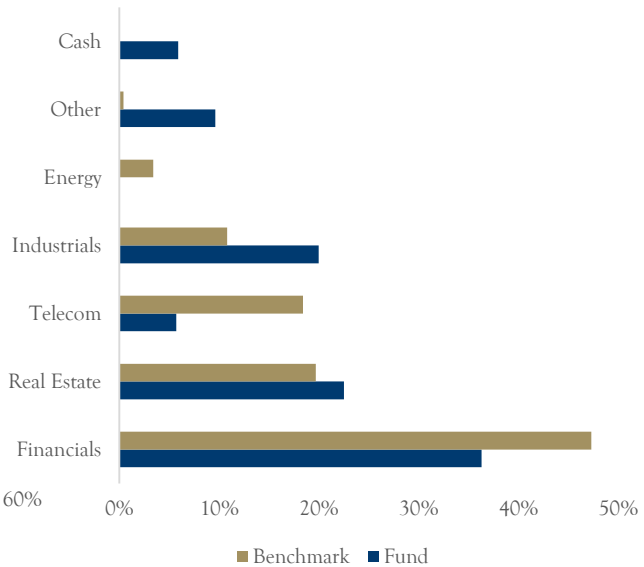
Fund Characteristics[2]	Fund	Benchmark
Standard Deviation	19.1%	20.8%
Sharpe Ratio	-0.26	-0.44
Beta	0.87	
Tracking Error	6.4%	
Information Ratio	0.62	

[2] Calculated using 5-year weekly data

Geographic Allocation



Sector Allocation



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