Al Mal MENA Equity Fact Sheet

NAV Per Unit: USD 9.01

المال كابيتال
Al Mal Capital

May 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:

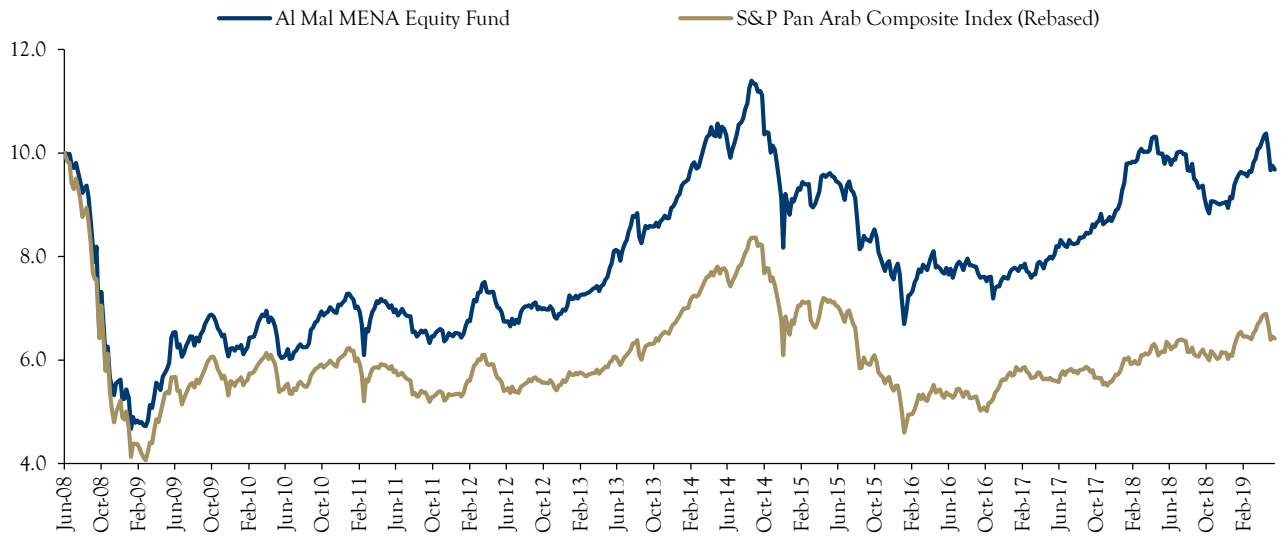
Fund Manager	Charles-Henry Monchau, CFA
	Vrajesh Bhandari, CFA
Inception Date	15th June 2008
Fund Size	USD 25 million
Strategy Size	USD 80 million
Fund Registration	Bahrain
Currency	USD
Subscription	Weekly
Min Subscription	USD 250,000
Bloomberg Code	MALMENE BI
Reuters Code	LP65123002

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	5.8%	5.1%	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.	-3.2%	-35.9	32.7%

Performance[1]	Fund	Benchmark[2]	Relative Perf.
1 Month	-6.3%	-6.8%	0.5%
YTD*	5.8%	5.1%	0.7%
1 Year	-1.1%	4.2%	-5.3%
3 Years	26.2%	21.7%	4.5%
5 Year	-7.5%	-17.5%	9.9%
Since Inc.	-3.2%	-35.9%	32.7%

Performance



** As of 29 of May 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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May 2019

Fund Manager Commentary:

The month of May lived true to its reputation. Equities were routed globally due to the trade tariff tensions. The S&P Pan Arab Index lost -6.8%, more than half of its 2019 gain, though better than the -9.2% decline in MSCI Emerging Markets Index. Saudi Arabia and UAE were the worst hit, whereas Kuwait and the smaller markets of Oman and Bahrain fared better. The Fund outperformed the benchmark by 50 basis points.

Portfolio holding NMC Health raised its 2019 guidance to reflect the impact of the newly formed JV in KSA with GOSI/ Hassana. EBITDA was revised to USD580m and net income is expected to grow to USD325m. NMC will fully consolidate the JV operations and will have a combined bed capacity of 1,490 beds (665 beds contributed by NMC and 825 by CARE) – effectively adding 38% to its 2018 year end bed capacity of 2,185.

Orascom Construction, one of our bottom up ideas in Egypt, reported strong numbers. EBITDA grew 17% y/y with no drag from the US operations. Stock trades on 2x 2019e EV/EBITDA. With conservative assumptions of no growth in project awards, we still see upside of 40%.

In the Kingdom of Saudi Arabia, the Red Sea Development Co. is in talks with local and global companies for investment in the project. We have a close eye on actual on-ground progress to assess the impact on cement demand and bank lending, the two ways in which we like to play the theme.

We have added a new idea in the Saudi midcap space – Leejam Sports. The company operates 126 fitness clubs and is the market leader in the space with a 27% share. Saudi Arabia has one of the most overweight population globally, with around 34% obese and 68% overweight, according to the WHO. The young population is increasingly fitness conscious - a huge addressable market. Leejam runs four diverse formats – for mass market, budget, premium and junior- useful in capturing a wide range of customers based on different income brackets. Female fitness market is in its infancy and presents an excellent growth opportunity.

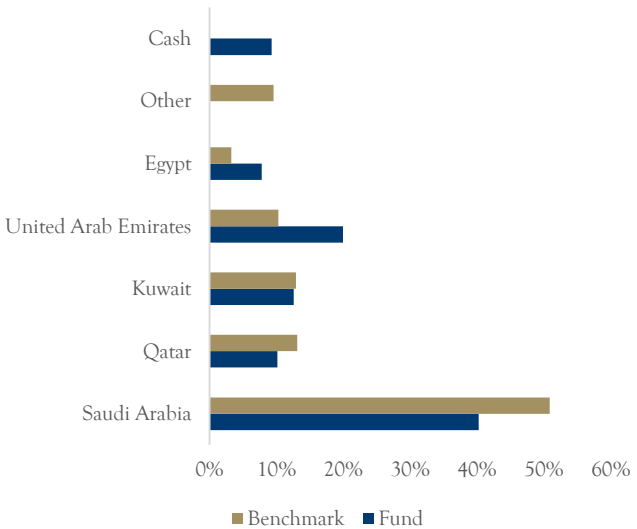
Top Portfolio Holdings	% of Fund
Al Rajhi Bank	6.2
National Bank of Kuwait	5.7
Qatar National Bank	5.6
Saudi Basic Industries Corp	3.9
Samba Financial Group	3.8
Total # of Holdings	**36**

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

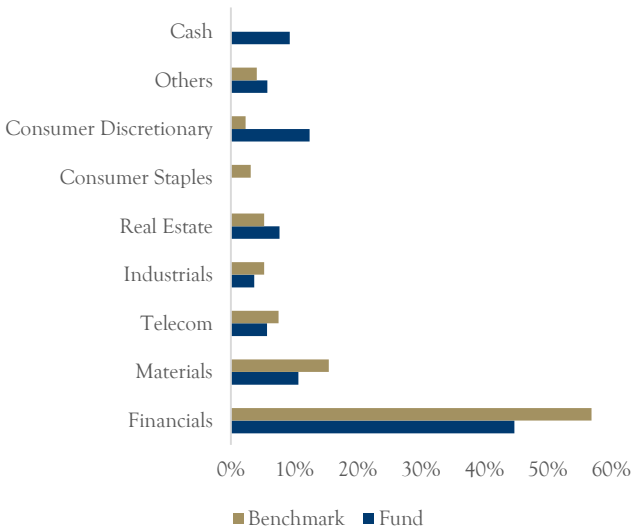
Fund Characteristics[2]	Fund	Benchmark
Standard Deviation	14.5%	14.8%
Sharpe Ratio	-0.29	-0.43
Beta	0.88	
Tracking Error	6.7%	
Information Ratio	0.32	

[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.

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Al Mal UAE Equity Fact Sheet

NAV Per Unit: AED 1.23

May 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.

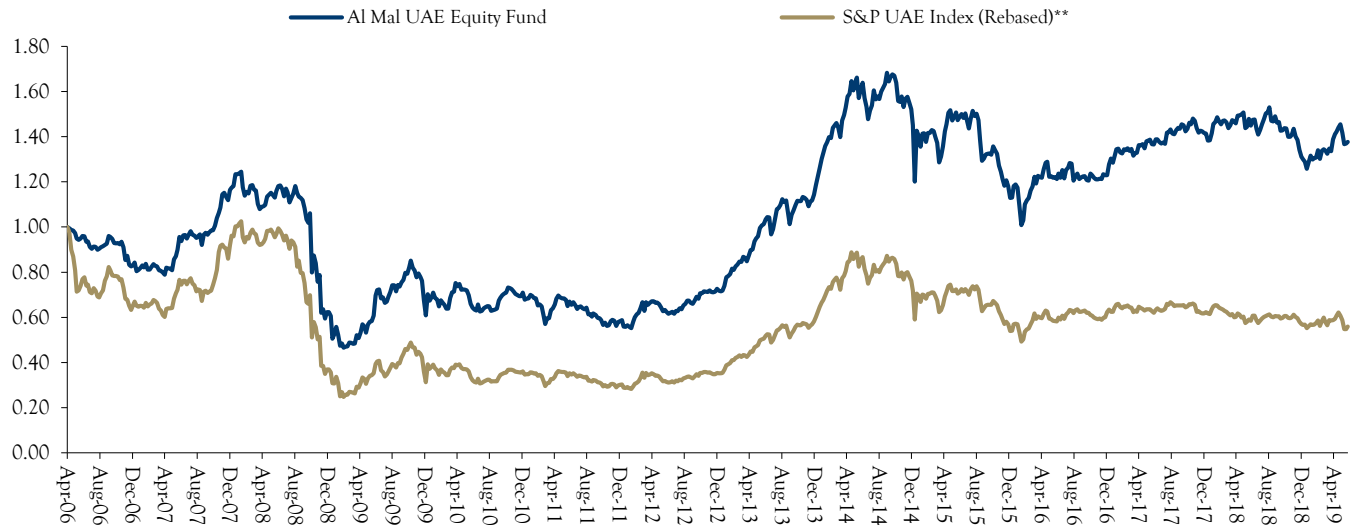
Key Terms:

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	5.4%	-1.3%	6.7%
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.	37.6%	-44.1%	81.7%

Performance[1]	Fund	Benchmark[2]	Relative Perf.
1 Month	-4.4%	-10.0%	5.6%
YTD*	5.4%	-1.3%	6.7%
1 Year	-5.0%	-4.4%	-0.6%
3 Years	13.5%	-4.0%	17.5%
5 Year	-16.1%	-35.5%	19.4%
Since Inc.	37.6%	-44.1%	81.7%

Performance



** As of 29th of May 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

May 2019

Fund Manager Commentary:

The S&P UAE Index lost 10% last month taking the year to date return in negative territory. Dubai did marginally better than Abu Dhabi. The Fund limited the damage with a decline of 4.4% resulting in the year to date outperformance growing to 670 basis points.

Aldar reported a good set of Q1 results. Off plan sales jumped to AED 1bn, driven by the Alreeman project, where 80% of units launched have been sold. The hospitality segment benefitted from Special Olympics and IDEX events in Abu Dhabi. In related development, the government has received 6,000 applications for long-term visas from investors and entrepreneurs under the new long-term residency program. The number is small but has the potential to grow and would benefit the local economy, in particular the real estate sector.

The UAE central bank revised down its 2019 growth estimate to 2% compared to its previous estimate of 3.5%. This compares to IMF growth estimate of 2.7%. Oil GDP growth has been revised downward to 2.7% from 3.7% previously while non-oil economy is now forecasted to grow by 1.8% against earlier estimate of 3.4%. We note the CB goes on to say 'The announced fiscal stimulus packages and the new investment law will encourage economic growth, increase consumption, reinvigorate the property market, and improve the labor markets as the investors and consumer sentiments continue to solidify'

The ruler of Dubai has unveiled the UAE 'Golden card' for permanent residency scheme. 6800 selected investors and residents are identified worth an estimated AED100bn existing investment, in aggregate. This comes at a time when, according to latest reports – average apartment and villa prices in Dubai are down 20% from the level in September 2015 to AED 1.7mn and AED 4.5m respectively. Exact criteria for the visa are yet to be made public, but government hopes to generate foreign investment, encourage entrepreneurship, and attract top engineers, scientists and students.

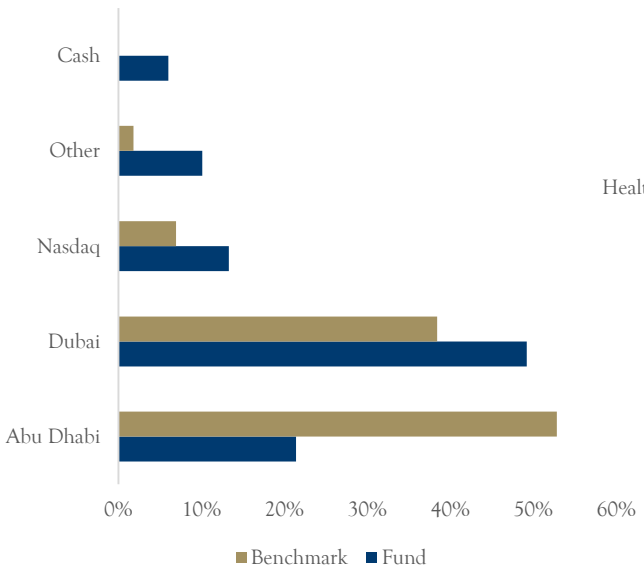
Top Portfolio Holdings	% of Fund
Emirates NBD	11.5
Dubai Islamic Bank	10.2
Abu Dhabi Commercial Bank	9.1
Total # of Holdings	**13**

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

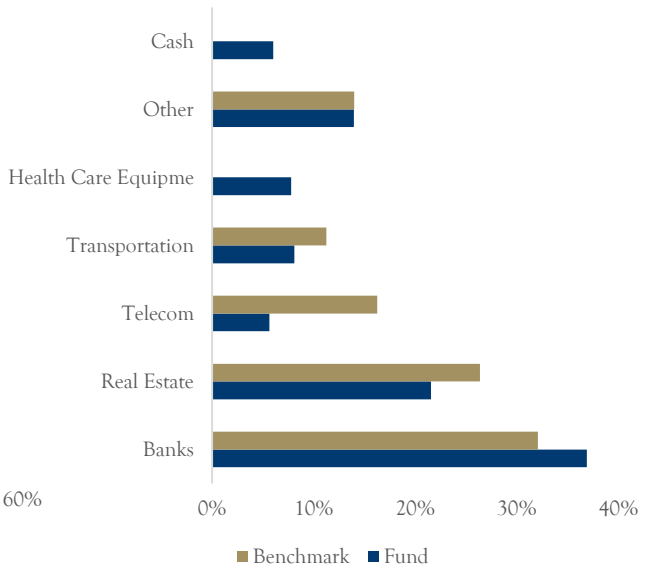
Fund Characteristics[2]	Fund	Benchmark
Standard Deviation	19.2%	21.1%
Sharpe Ratio	-0.29	-0.47
Beta	0.87	
Tracking Error	6.4%	
Information Ratio	0.69	

[2] Calculated using 5-year weekly data

Geographic Allocation



Sector Allocation



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