Al Mal MENA Equity Fact Sheet

NAV Per Unit: USD 8.89

المال كابيتال
Al Mal Capital

February 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.

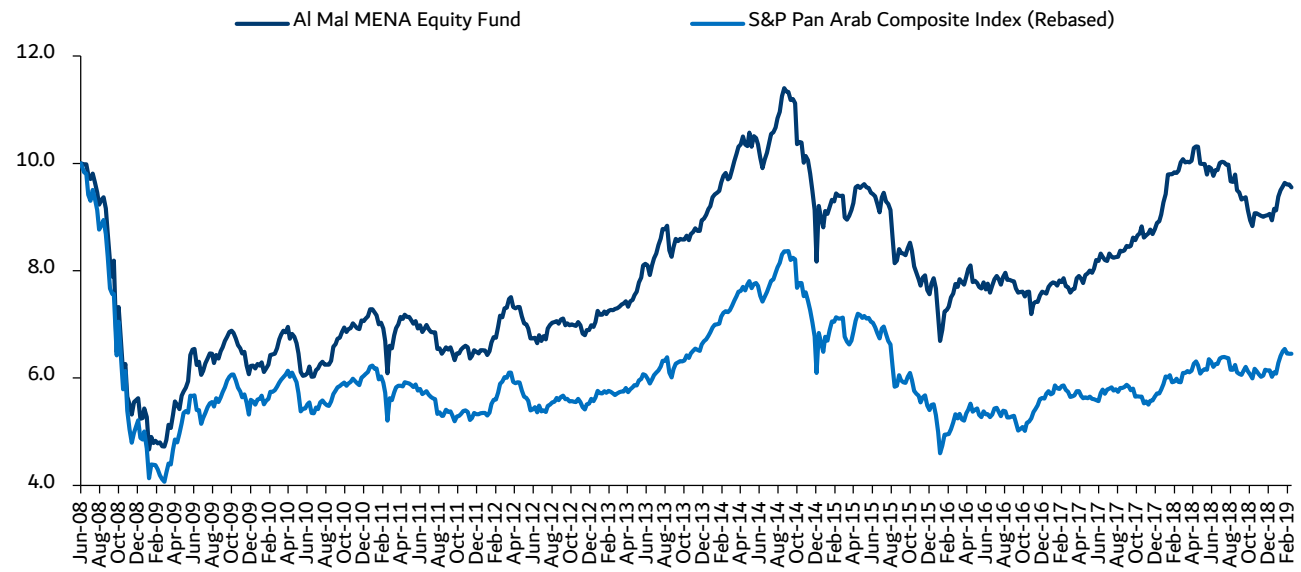
Key Terms:

Fund Manager	Charles-Henry Monchau, CFA
	Vrajesh Bhandari, CFA
	Sanat Sachar, 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	4.3%	5.7%	-1.4%
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.	-4.5%	-35.5%	31.0%

Performance[1]	Fund	Benchmark[2]	Relative Perf.
1 Month	-0.22%	-0.74%	0.52%
YTD*	4.3%	5.7%	-1.4%
1 Year	-5.2%	8.9%	-14.2%
3 Years	26.2%	24.9%	1.3%
5 Year	-1.5%	-10.7%	9.2%
Since Inc.	-4.5%	-35.5%	31.0%

Performance



** As of 27 of February 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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Fund Manager Commentary:

On the surface, MENA Equities had only a slightly down month. However there were sharp divergences beneath. UAE and Egypt were strong (3-5% gains), whereas Qatar heavily sold off (-5.5%). Saudi Arabia also was weak (-1.3%). This country leadership is very much inline with our 2019 country views. The Al Mal Mena Equity slightly outperformed last month and is up +4.3% since the start of the year.

Egypt cut interest rates by 100 basis points in last month's MPC, while until recently expectations were that we would see monetary easing not before the last quarter of the year. The central bank realizes that inflation levels are currently tamed and the high cost of capital is hurting investment from the private sector. Carry traders are back thanks to high after-tax yield of 14.5%, while the EGP/USD strengthened 1.5% year to date. We expect a further 200 bps decline this year.

EK Holding, one of our high conviction picks in Egypt, came out with the much-awaited seismic survey analysis that revealed potential natural gas reserves of 2.35 TCF (and 112m bbl of condensate), which is 14x existing P1 reserves and hence a major game changer. Even being conservative and assigning discounts to global valuation multiples would add huge upside to current market price.

Another high conviction, Extra (electronics retailer in Saudi) presented an upbeat picture during their quarterly earnings call. The management believes the market has bottomed and is betting on a recovery this year. It is targeting market share of 25-30% over the next 3 years driven by the consolidation of white goods segment. The company is also launching a new consumer finance subsidiary that will provide product and cash loans. Existing book grew 2.3x last year and loss ratios were fairly contained at 3%. For 2019, we expect double digit net income growth, even as the new business will be loss making.

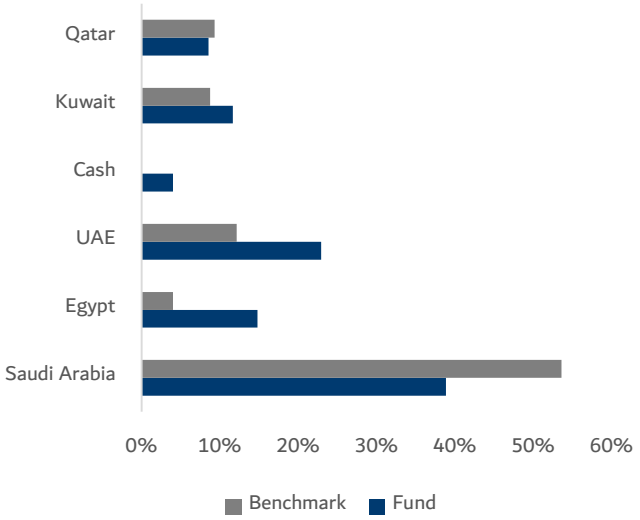
Top Portfolio Holdings	% of Fund
Al Rajhi Bank	7.6
National Commercial Bank	5.3
Humansoft Holding	5.2
SABIC	4.7
Qatar National Bank	4.5
Total # of Holdings	**38**

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

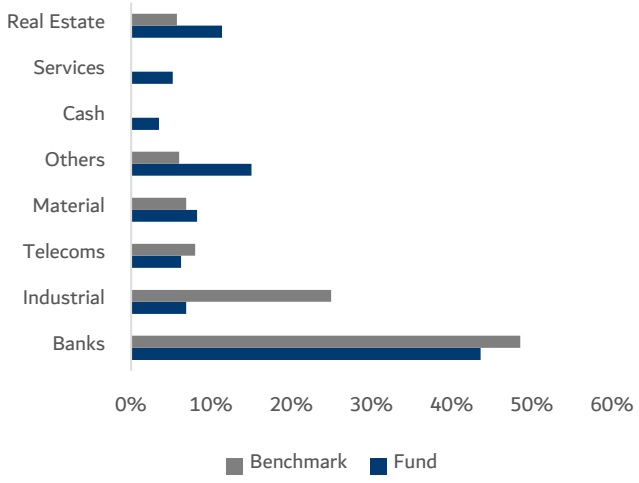
Fund Characteristics[2]	Fund	Benchmark
Standard Deviation	14.5%	14.6%
Sharpe Ratio	-0.23	-0.36
Beta	0.88	-
Tracking Error	6.8%	
Information Ratio	0.26	

[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 1.20

February 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.

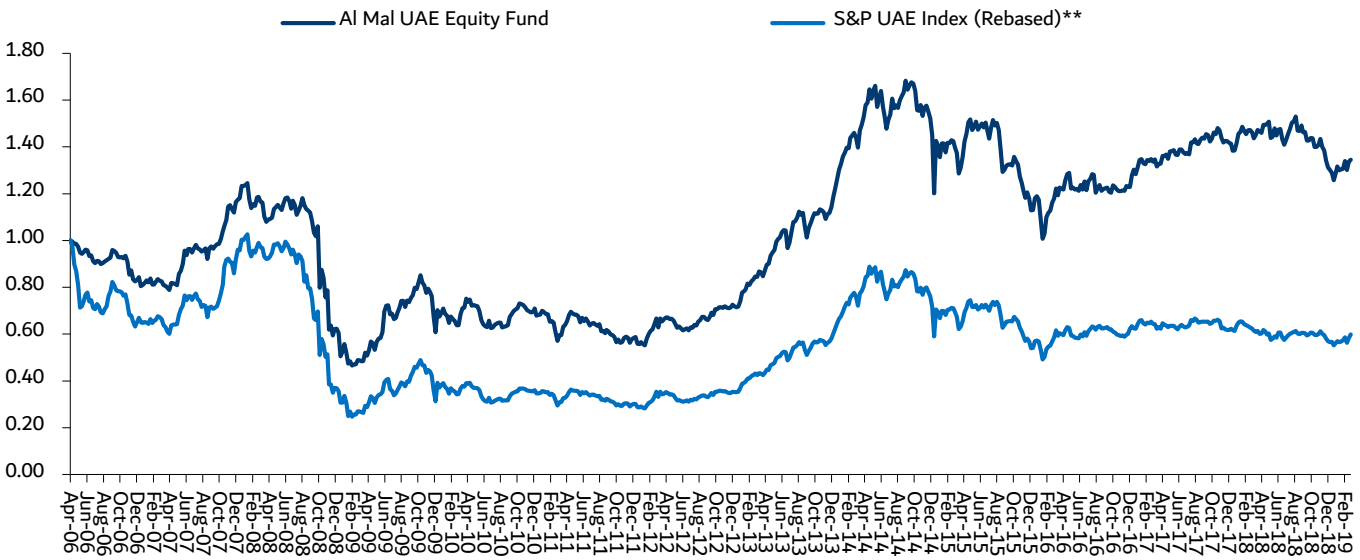
Key Terms:

Fund Manager	Charles-Henry Monchau, CFA
	Vrajesh Bhandari, CFA
	Sanat Sachar, 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	3.0%	5.6%	-2.6%
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.	34.5%	-40.2%	74.7%

Performance[1]	Fund	Benchmark[2]	Relative Perf.
1 Month	2.9%	4.1%	-1.2%
YTD*	3.0%	5.6%	-2.6%
1 Year	-8.1%	-4.1%	-4.0%
3 Years	14.0%	2.2%	11.8%
5 Year	-6.6%%	-21.2%	14.7%
Since Inc.	34.5%	-40.2%	74.7%

Performance



** As of 27th of February 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 1.20

February 2019

Fund Manager Commentary:

Abu Dhabi's outperformance over Dubai seems to be finally reversing as the latter strongly outperformed last month (+5.4% for Dubai vs. 2.9% for Abu Dhabi). The heavily beaten down real estate stocks - Emaar Properties, Emaar Malls and Aldar – jumped by more than 15% each.

Emaar Development's 4Q numbers was most likely the trigger for the improved sentiment hovering Dubai Financial Market. Prior to the recent rebound, Property developers were valued at more than 50% discount to Net Asset Value. We have added exposure to the sector and intend to further increase, subject to supporting news flow. Our top pick in the space is Emaar Malls. Core asset 'The Dubai Mall' continues to operate well with stable rental rates and EBITDA margins. Expansion at the Fashion Avenue will contribute meaningfully to current year numbers. Furthermore, acquisition of completed retail assets from its parent company will add more than 2m sqft of GLA to the current portfolio. We believe market implied cap rate is too harsh and see very good upside even applying cyclical low multiples.

Aldar - a recent portfolio addition - acquired the remaining stake in two properties from Etihad Airways in a deal worth AED 1.2bn. These assets are expected to add AED 0.1bn in annual NOI and make it more tangible for investors to value them as core business versus currently being completely discounted under JV investments. Aldar could also be one of the biggest beneficiaries of the recent announcement from the UAE Government to build over 34,000 housing units for nationals by 2025. Funds worth AED 32bn have already been allocated for the project.

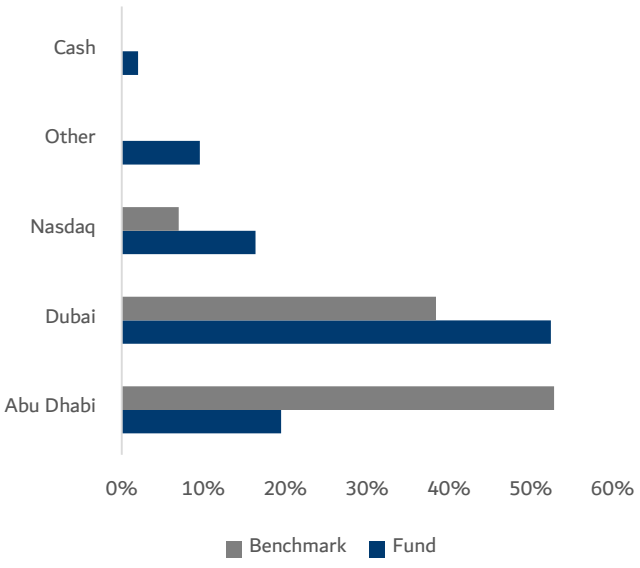
Top Portfolio Holdings	% of Fund
Emirates NBD	13.1
Emaar	12.8
DP World	9.6
Total # of Holdings	**12**

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

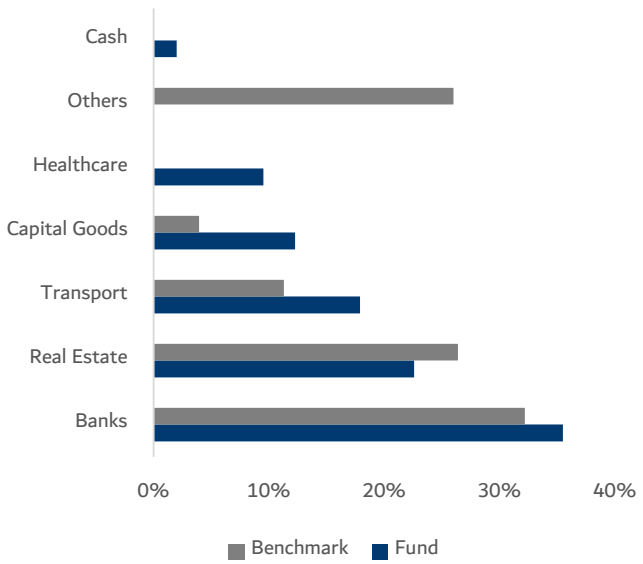
Fund Characteristics[2]	Fund	Benchmark
Standard Deviation	19.6%	21.6%
Sharpe Ratio	-0.23	-0.36
Beta	0.88	
Tracking Error	5.7%	
Information Ratio	0.54	

[2] Calculated using 5-year weekly data

Geographic Allocation



Sector Allocation



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