Al Mal MENA Equity Fact Sheet

NAV Per Unit: USD 9.62

April 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:

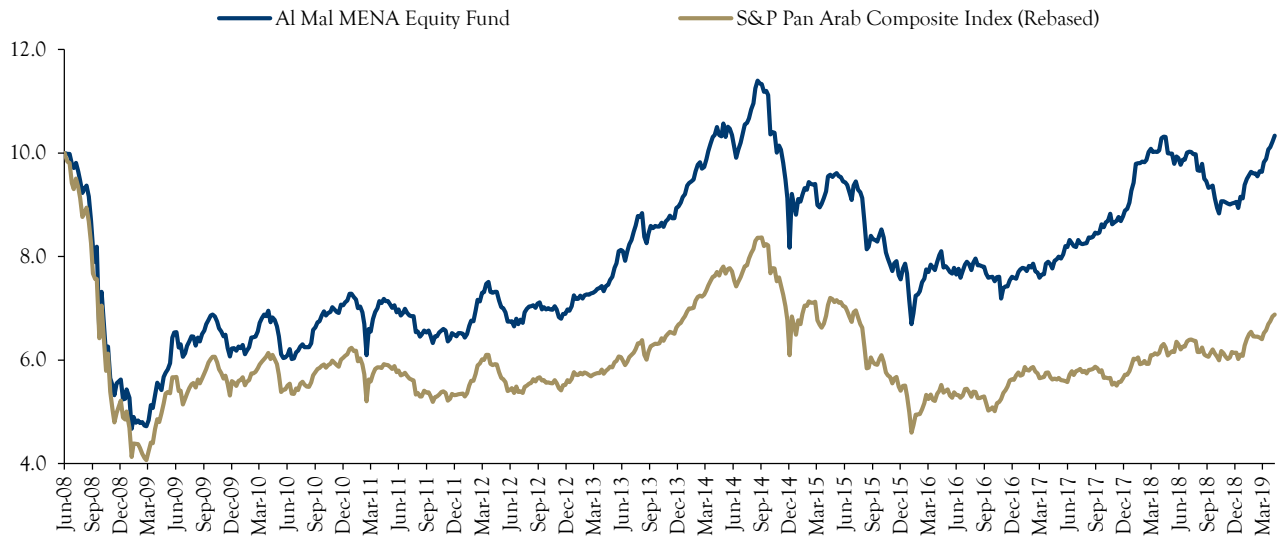
Fund Manager	Charles-Henry Monchau, CFA
	Vrajesh Bhandari, CFA
Inception Date	15th June 2008
Fund Size	USD 31 million
Strategy Size	USD 88 million
Fund Registration	Bahrain
Currency	USD
Subscription	Weekly
Min Subscription	USD 250,000
Bloomberg Code	MALMENE BI
Reuters Code	LP65123002

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	12.9%	12.7%	0.2%
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.	3.4%	-31.2%	34.6%

Performance[1]	Fund	Benchmark[2]	Relative Perf.
1 Month	4.6%	4.7%	-0.1%
YTD*	12.9%	12.7%	0.2%
1 Year	0.2%	9.0%	-8.9%
3 Years	27.6%	24.7%	2.9%
5 Year	-0.1%	-9.9%	9.8%
Since Inc.	3.4%	-31.2%	34.6%

Performance



** As of 24 of April 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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April 2019

Fund Manager Commentary:

April was a strong month for equity markets globally. The S&P Pan Arab Index outperformed both the U.S and Emerging Markets benchmarks with a gain of +4.7% as Brent Oil jumped 10%. Dubai (+7.2%) was the best performer followed by Saudi Arabia (+5.4%), while Oman, Egypt and Qatar lagged. The Fund's performance was in line with the index.

In Saudi Arabia, banks reported healthy results for the first quarter. Net Income for the Islamic Al Rajhi bank grew 21% y/y owing to a 35bps expansion in net interest margins. NCB, the corporate focused bank, also beat estimates although it was mainly driven by lower credit costs. While we have been positive on the sector for last two years, we now find valuations expensive and thus remain exposed on an opportunistic basis only. Samba, our favorite pick in the sector, expects Saudi banks to record double-digit asset growth by early 2020. According to their CEO, credit uptake will be moving up sharply in 2019-2020.

eXtra, the electronics retailer in Saudi reported 58% higher y/y net earnings for 1Q19. We believe the company has continued to gain market share post implementation of 70% Saudization requirement in November 2018. We like the new consumer finance venture to be launched in the second quarter, which will mainly offer unsecured cash loans with a tenor of up to five years. This can bring another leg of growth beyond the consolidation story.

In Kuwait, Humansoft, the education provider, reported a 11% y/y growth in earnings. Revenues came in 7% better mainly thanks to a 5% increase in the number of students enrolled during Fall 2019. Operating margins improved on economies of scale. We like the education sector as a defensive theme. We also find valuation undemanding (PE of 12x) and the dividend yield attractive.

Orascom Construction in Egypt said it secured almost USD 500m in new awards during the quarter, bringing its backlog to USD4.2bn. Projects in Egypt comprise 75% of total new awards, spread between infrastructure, marine, roads, the New Administrative Capital and Al Alamein. The stock is currently trading at a forward PE of 4.5x.

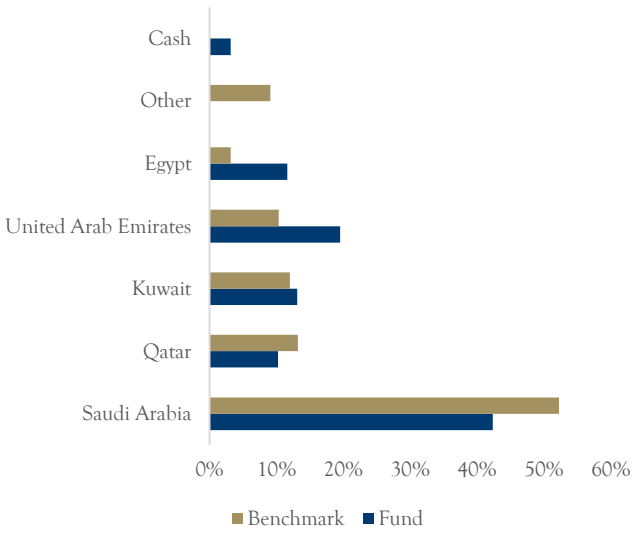
Top Portfolio Holdings	% of Fund
Al Rajhi Bank	6.6
Qatar National Bank	5.8
National Bank of Kuwait	5.1
Saudi Basic Industries Corp	4.6
Samba Financial Group	3.7
Total # of Holdings	**37**

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

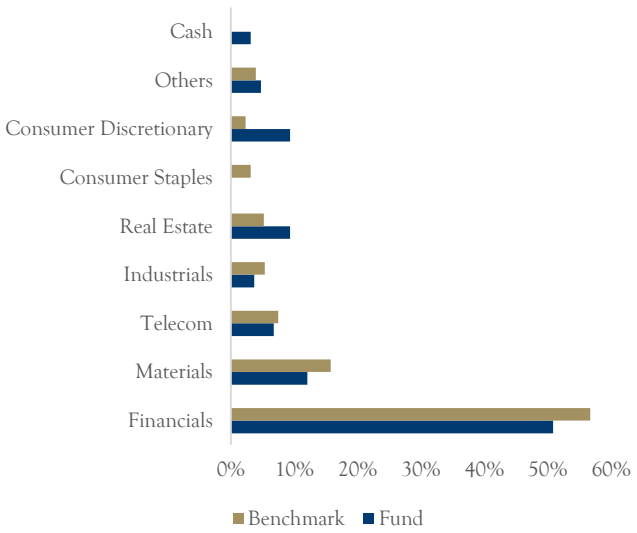
Fund Characteristics[2]	Fund	Benchmark
Standard Deviation	14.5%	14.6%
Sharpe Ratio	-0.23	-0.35
Beta	0.88	-
Tracking Error	6.8%	
Information Ratio	0.28	

[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 1.29

April 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.

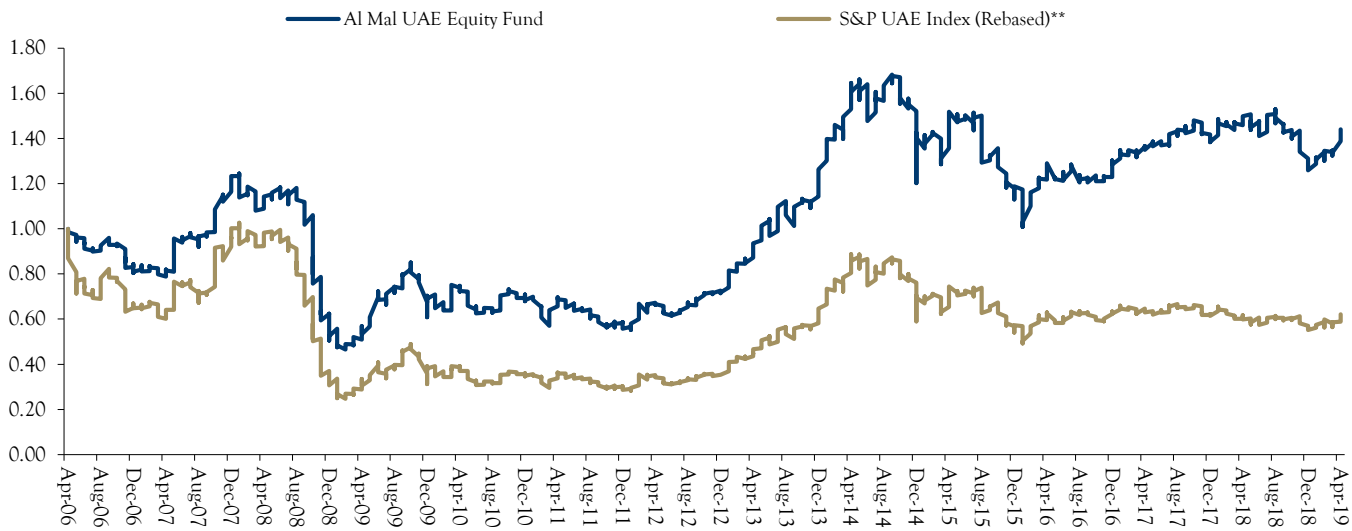
Key Terms:

Fund Manager	Charles-Henry Monchau, CFA
	Vrajesh Bhandari, CFA
Inception Date	5th April 2006
Fund Registration	UAE
Currency	AED
Fund Size	AED 31mn
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	10.3%	9.6%	0.70%
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.	44.0%	-37.9%	82.0%

Performance[1]	Fund	Benchmark[2]	Relative Perf.
1 Month	7.8%	6.0%	1.8%
YTD*	10.3%	9.6%	0.7%
1 Year	-3.9%	3.6%	-7.5%
3 Years	11.7%	-0.8%	12.5%
5 Year	-10.3%	-27.6%	17.3%
Since Inc.	44.0%	-37.9%	82.0%

Performance



** As of 24th of April 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 1.29

April 2019

Fund Manager Commentary:

The S&P UAE Index jumped +6.0% last month on back of strong gains from banks. Dubai performance is now ahead of its neighbor Abu Dhabi on a year to date basis. The Al Mal UAE Equity Fund had its best month in two years, delivering an absolute return of +7.8%.

High conviction pick Emirates NBD signed a revised SPA to acquire the Turkish bank. The pricing has been renegotiated lower by more than 15% largely closing in the impact of the 20% devaluation of the Turkish Lira. The valuation implies a P/B ratio of 0.9 times for a ROE of 15%. The bank's strategy is to grow within the wider MENA region in markets which are trading partners with the UAE. Turkey is twice the size of UAE GDP with favorable demographics (population is 80 million). Credit penetration is low and the market therefore offers better growth prospects. Emirates NBD has a stronger credit rating, and this will allow to lower the cost of funding for Deniz bank.

Aldar properties in Abu Dhabi sold out a new project Lea during Cityscape generating over AED 400mn. This is the second project the company has launched with land plots for sale in its response to demand among budget-conscious buyers for land on which to build their own home. Presales this year have already reached AED 2bn of the 4bn target set by the company. Furthermore, Aldar would be a beneficiary of the government's announcement that all foreigners will be entitled to own the freehold of land and properties which they purchase in investment zones (this was previously only permitted for UAE and GCC nationals).

Dubai's economic department (DED) said GDP growth is expected to reach 2.1% this year before rising to 3.8% in 2020, with improvements seen for finance, tourism as well as retail and wholesale. We are positive on the Emirate, which is preparing to host Expo 2020 and is investing heavily on infrastructure ahead of the global fair.

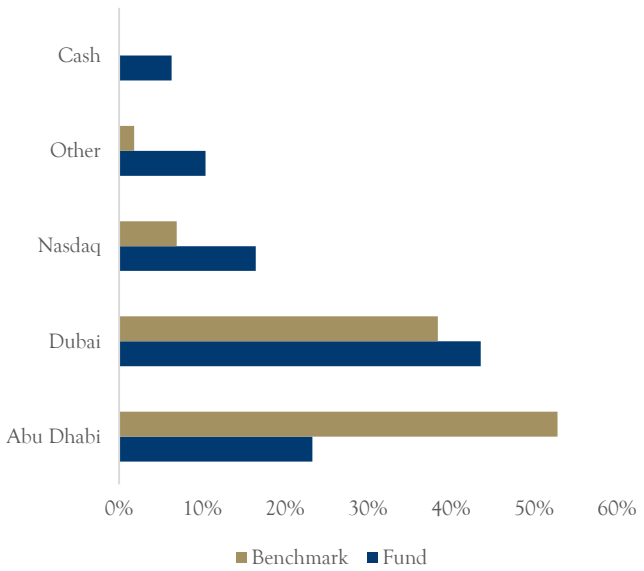
Top Portfolio Holdings	% of Fund
Emirates NBD	14.7
NMC Health	10.4
DP World	10.3
Total # of Holdings	**11**

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

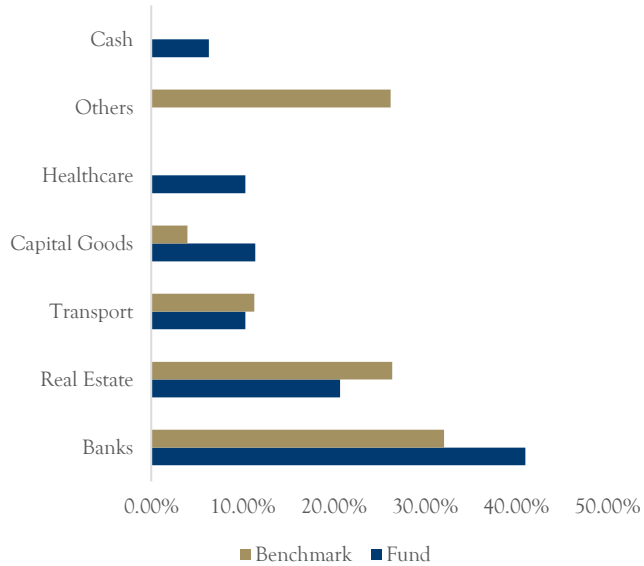
Fund Characteristics[2]	Fund	Benchmark
Standard Deviation	19.4%	21.2%
Sharpe Ratio	-0.27	-0.44
Beta	0.88	
Tracking Error	6.0%	
Information Ratio	0.67	

[2] Calculated using 5-year weekly data

Geographic Allocation



Sector Allocation



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