Al Mal MENA Equity Fact Sheet

NAV Per Unit: USD 8.60

October 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:

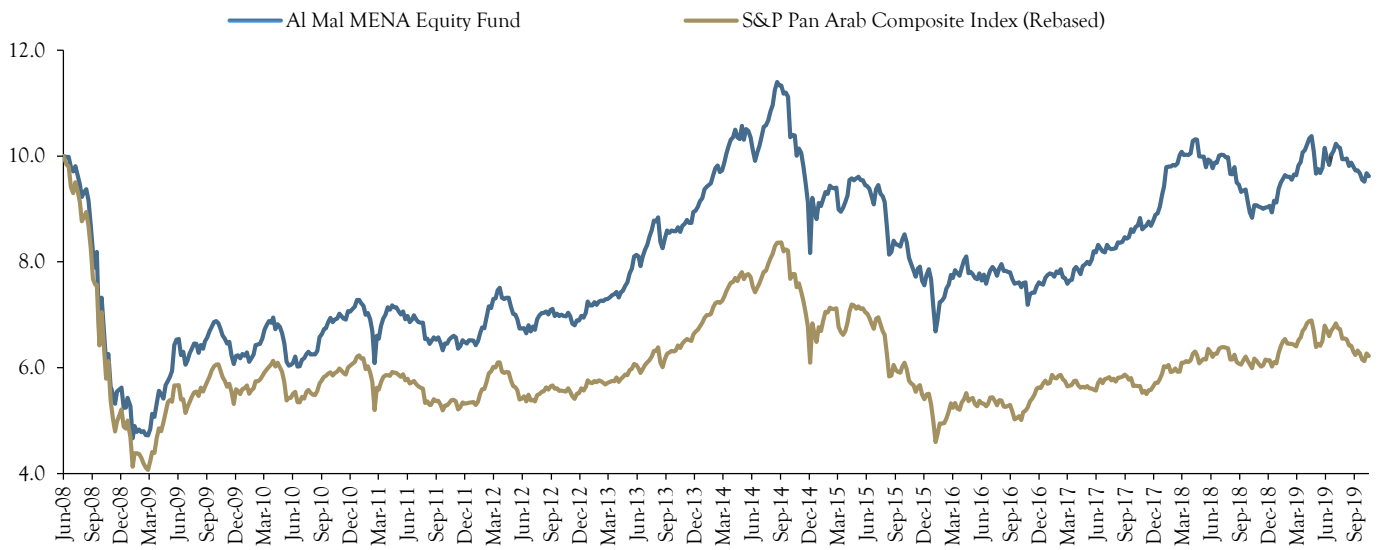
Fund Manager	Charles-Henry Monchau, CFA
	Sherif El Haddad
	Vrajesh Bhandari, CFA
	Tamara Tannir, CFA
Inception Date	15th June 2008
Fund Size	USD 25 million
Strategy Size	USD 80 million
Fund Registration	Bahrain
Currency	USD
Subscription	Weekly
Min Subscription	USD 250,000
Bloomberg Code	MALMENE BI
Reuters 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	4.9%	1.9%	3.0%
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.	-3.8%	-37.8%	34.0%

Performance[1]	Fund	Benchmark[2]	Relative Perf.
1 Month	-1.1%	-1.6%	0.5%
YTD*	4.9%	1.9%	3.0%
1 Year	5.9%	0.8%	5.1%
3 Years	26.4%	19.9%	6.4%
5 Year	-3.9%	-17.3%	13.4%
Since Inc.	-3.8%	-37.8%	34.0%

Performance



** As of 30th of October 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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October 2019

Fund Manager Commentary:

MENA Equities further decoupled from Global markets in October with a third consecutive negative monthly return. The S&P Pan Arab Index fell -1.6% while the US S&P 500 added 2.1% more (to hit a record high) while the MSCI Emerging Markets Index jumped 3.5%. Saudi Arabia dropped -3% and dipped in negative territory for the year. Egypt, on the other hand jumped 6.5% to recover most of the losses of previous month. The Al Mal Mena equity fund added 50 basis points of alpha over the month which brings the year to date outperformance at 300 basis points.

Third quarter results were in aggregate positive for the fund holdings. Extra, a longtime favorite for us, continues to deliver – sales rose 16% y/y driven by better LFL, e-commerce, increase in after sales service and installment sales, in addition to opening 4 new stores through 2019. National Bank of Kuwait net earnings came in 8% higher as provisioning charges continue to decline post implementation of IFRS. Orascom Construction in Egypt stated that new awards grew 150% y/y in 3Q19, bringing the total new awards in 9M 19 to USD2.7bn. Humansoft, another portfolio holding, posted third quarter earnings growth of 15% y/y, on higher student enrolments and better margins.

Positive news from Egypt continues to flow in. The Central Bank cut policy rates by 100 bps bringing the discount rate to 13.75% - which is now 350 bps lower than the beginning of the year. The Ministry of Petroleum stated that the production of gas is expected to reach 51.1mn tones of gas in the current FY19/20 following the entry of the production of the Zohr gas field into the grid. Tourist arrivals increased 30% y/y so far this year. Note last year the country received 11.3mn visitors leading to a 50% increase in revenues to USD11.4bn.

Saudi Arabia opened doors to foreign tourists with the launch of a new visa regime for 49 countries. These allow multiple entries and stays of up to 3 months, are available online, on arrival or at Saudi diplomatic missions for USD120. The government wants to attract 100mn annual visits in 2030 up from about 40mn currently and targets GDP contribution to reach 10% from 3%.

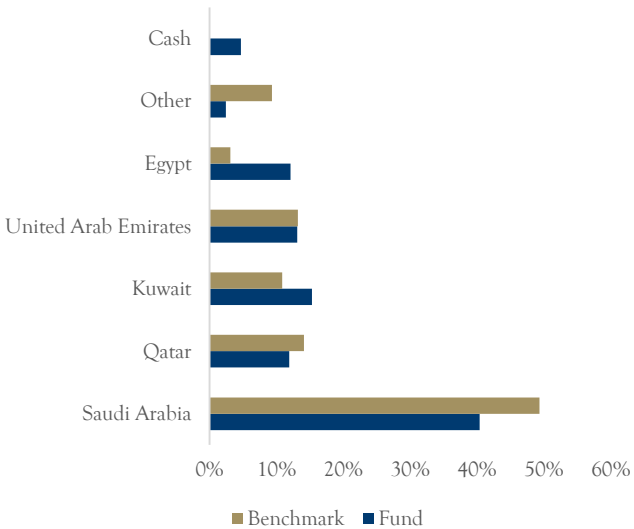
Top Portfolio Holdings	% of Fund
National Bank of Kuwait	8.2
Al Rajhi Bank	6.0
Qatar National Bank	5.6
Saudi Basic Industries Corp	3.8
First Abu Dhabi Bank	3.4
Total # of Holdings	**39**

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

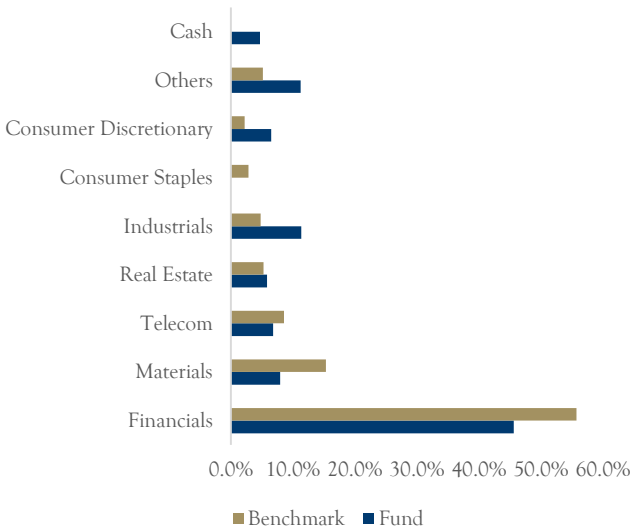
Fund Characteristics[2]	Fund	Benchmark
Standard Deviation	9.7%	9.8%
Sharpe Ratio	0.64	0.45
Beta	0.70	
Tracking Error	7.4%	
Information Ratio	0.22	

[2] Calculated using 3-year weekly data

Geographic Allocation



Sector Allocation



Disclaimer

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Al Mal UAE Equity Fact Sheet

NAV Per Unit: AED 1.21

October 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.

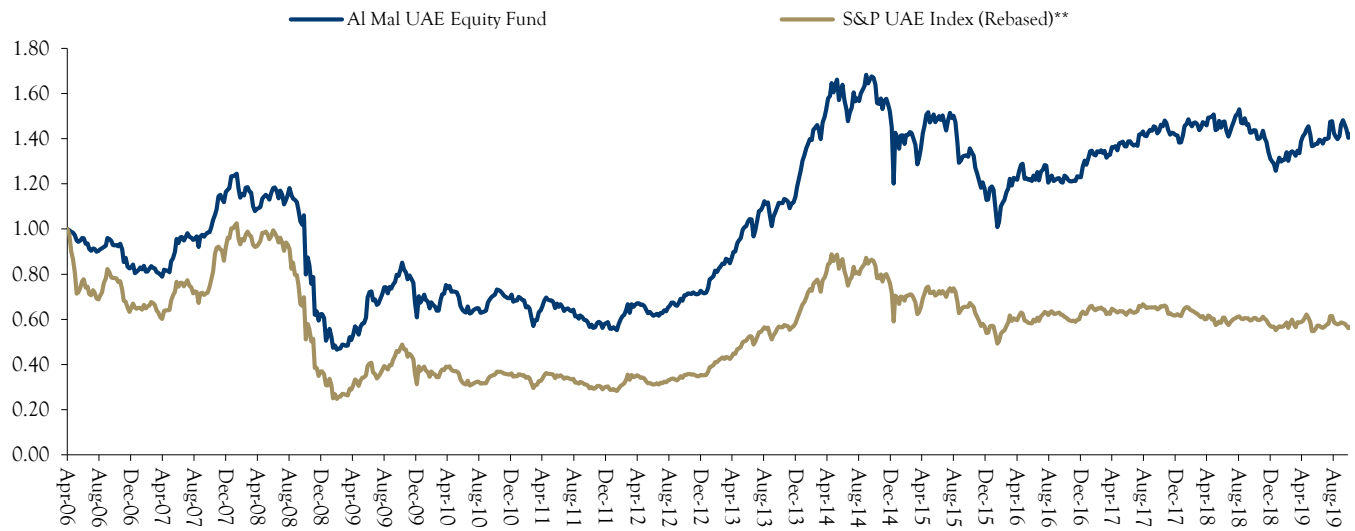
Key Terms:

Fund Manager	Charles-Henry Monchau, CFA
	Sherif El Haddad
	Vrajesh Bhandari, CFA
	Tamara Tannir, 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	7.7%	1.2`%	6.4%
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.	41.2%	-42.6%	83.8%

Performance[1]	Fund	Benchmark[2]	Relative Perf.
1 Month	-2.0%	0.3%	-2.3%
YTD*	7.7%	1.2%	6.4%
1 Year	-0.1%	-4.5%	4.4%
3 Years	0.0%	16.7%	-16.7%
5 Year	-3.0%	-7.8%	4.8%
Since Inc.	41.2%	-42.6%	83.8%

Performance



** As of 30th of October 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 1.21

October 2019

Fund Manager Commentary:

Stock markets in the two Emirates moved in opposite direction (1.7%) to combine into a flat result. On a year to date basis, Dubai still leads Abu Dhabi by a decent margin. It is noteworthy that historically UAE markets have been under pressure in the fourth quarter. The Al Mal UAE Equity Fund return last month was impacted primarily by the negative performances of NMC Health and Emirates NBD – both of which we consider temporary in nature and offering meaningful upside on fundamental valuation basis.

Emirates NBD reported third quarter results broadly in line with estimates. The bank recorded a gain of AED 2.3bn on sale of Network International. NPL ratio declined to 4.8% from 5.9% in 2Q19, while its coverage improved to 127%. Turkey's Denizbank is now consolidated hence y/y comparison is not strictly relevant. CET 1 ratio dropped to 13.7% from 17.4%, while the proposed USD1.75bn rights will boost the ratio by 150bps. The bank also approved a USD 1.76bn rights issue, in order to mitigate the impact on capital from the acquisition of the Turkish Bank. One share would be issued for every eight held at a price of AED 8.5, which is a 35% discount to last close. CET 1 ratio would still decline from 17.3% to roughly 13.3%, which is healthy.

Interesting little tidbit from Dubai - Villa and townhouse sales hit a five-year high in the first three quarters of 2019, driven by the introduction of affordable housing to the emirate, according to statistics from Property Finder. New communities of Villanova and Dubai South have seen the highest number of transactions this year. This shows that demand still exists for the right product type. It suggests more end-users are choosing to buy property in Dubai and existing homeowners could be making use of the attractive property prices to upgrade their accommodation to villas and townhouses.

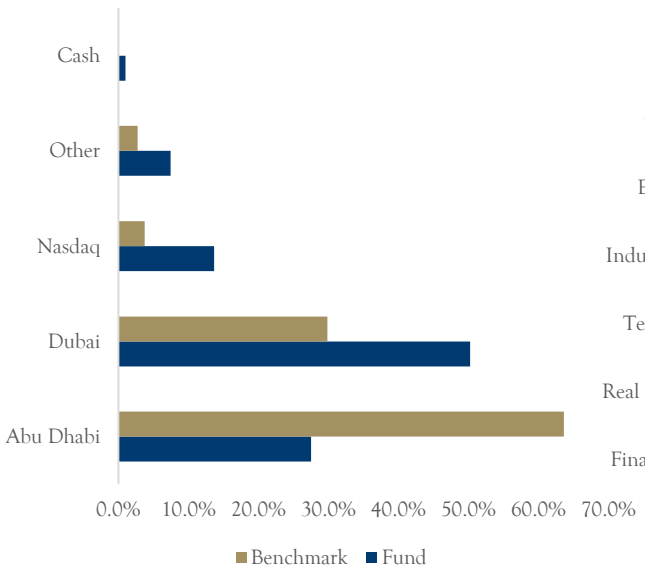
Top Portfolio Holdings	% of Fund
Abu Dhabi Commercial Bank	11.2
Dubai Islamic Bank	9.2
DP World	9.1
Total # of Holdings	**14**

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

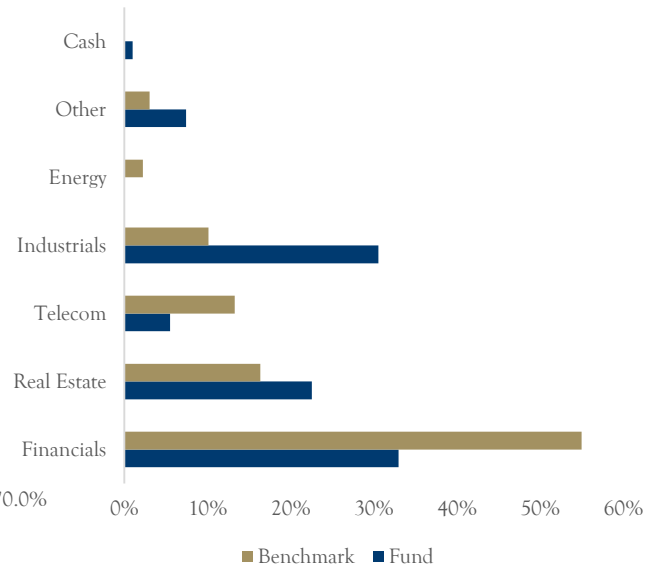
Fund Characteristics[2]	Fund	Benchmark
Standard Deviation	12.0%	13.1%
Sharpe Ratio	0.25	-0.25
Beta	0.75	
Tracking Error	7.6%	
Information Ratio	0.80	

[2] Calculated using 3-year weekly data

Geographic Allocation



Sector Allocation



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