Al Mal MENA Equity Fact Sheet

NAV Per Unit: USD 9.12

August 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:

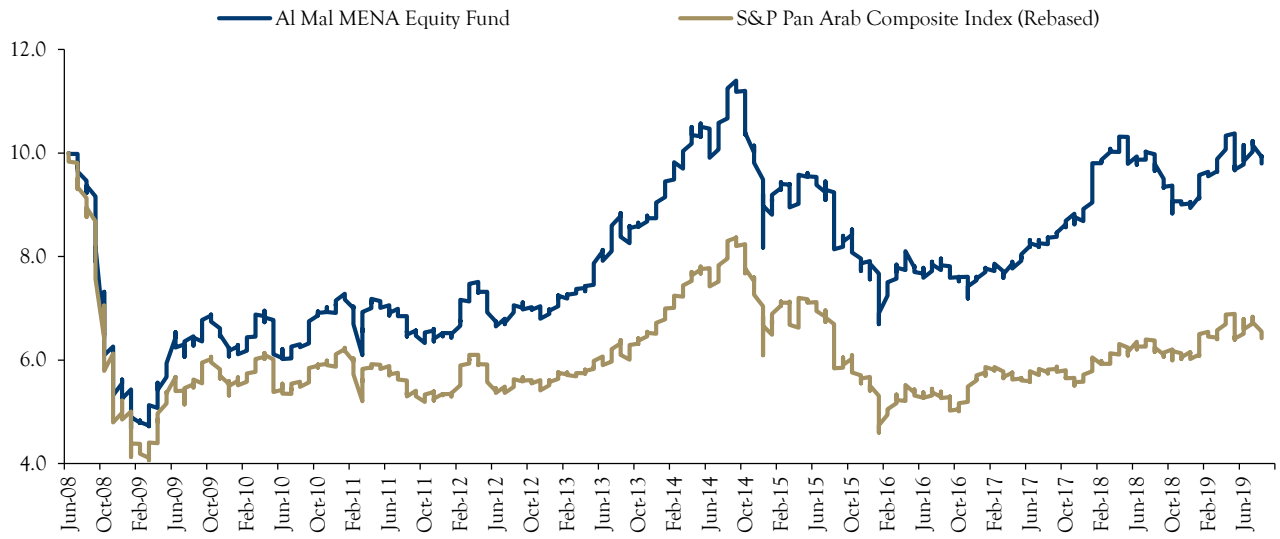
Fund Manager	Charles-Henry Monchau, CFA
	Vrajesh Bhandari, CFA
Inception Date	15th June 2008
Fund Size	USD 25 million
Strategy Size	USD 80 million
Fund Registration	Bahrain
Currency	USD
Subscription	Weekly
Min Subscription	USD 250,000
Bloomberg Code	MALMENE BI
Reuters Code	LP65123002

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	7.0%	5.2%	1.9%
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.	-2.0%	-35.8%	33.8%

Performance[1]	Fund	Benchmark[2]	Relative Perf.
1 Month	-3.5%	-4.6%	1.1%
YTD*	7.0%	5.2%	1.9%
1 Year	0.2%	2.8%	-2.6%
3 Years	25.1%	22.0%	3.1%
5 Year	-14.0%	-23.2%	9.2%
Since Inc.	-2.0%	-35.8%	33.8%

Performance



** As of 28th of August 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

Al Mal MENA Equity Fact Sheet

NAV Per Unit: USD 9.12

August 2019

Fund Manager Commentary:

The month of August proved to be challenging for Global equities as the S&P 500 index in the US fell 3.1%, whereas the MSCI EM Index closed 6.9% lower, which brings its year-to-date performance into negative territory. Within MENA, the S&P Pan Arabs index declined -4.6% giving back half of its 2019 gains. Egypt though bucked the trend with a jump of 9.0% while Oman bounced 5.6% from a 14-year low. The largest country weight Saudi Arabia was down -6.5% over the month; the fund underweight allocation to this market led to an overall outperformance of 110 basis points in August.

The main event last month was central banks in Saudi Arabia, the United Arab Emirates and Bahrain following the U.S Federal Reserve and cutting their interest rates by 25 basis points. Kuwait kept its rate unchanged at 3%, while in Oman local factors drive rates. The move on interest rates is an inflection point for Banks NIMs (Net Interest Margins); this has been the key driver of earnings since 2017. SAMA said the rise in interbank rates would have a limited impact on growth due to low debt levels at most of the corporates in Saudi.

Still in Saudi, Leejam Sports reported earnings growth of 25% y/y beating estimates. Revenue growth was driven by the opening of new centers, ramping up of operations at gyms opened last year as well as higher revenue from personal training (PT) sessions. The company also signed a deal with a Sharjah club to establish a 6000 square meter gym. We see this as a small beginning of what could be a potentially huge expansion plan in the Gulf.

Egypt received the final USD2bn tranche of its USD12bn IMF loan. Yields on T-bonds continued their declining trend, and this prompted the Finance Ministry to accept 3.5x the planned amount (EGP2.5bn) for the auction. Still in Egypt, EK holding received 13,000 acres of land from the Ministry of Housing to start its medium-density fibreboard (MDF) project. The plant will be the largest player in Egypt, with a capacity of 300k m3/day. Another of our pick in the country, Cleopatra Hospitals approved an agreement to set up a JV that will rebuild, develop, operate and manage Al Nahda Hospital

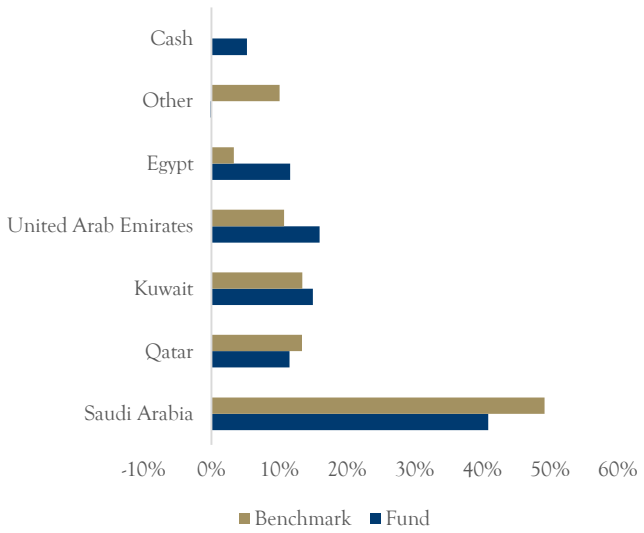
Top Portfolio Holdings	% of Fund
National Bank of Kuwait	5.9
Qatar National Bank	5.7
Al Rajhi Bank	5.7
Saudi Basic Industries Corp	4.0
Kuwait Finance House	3.7
Total # of Holdings	**39**

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

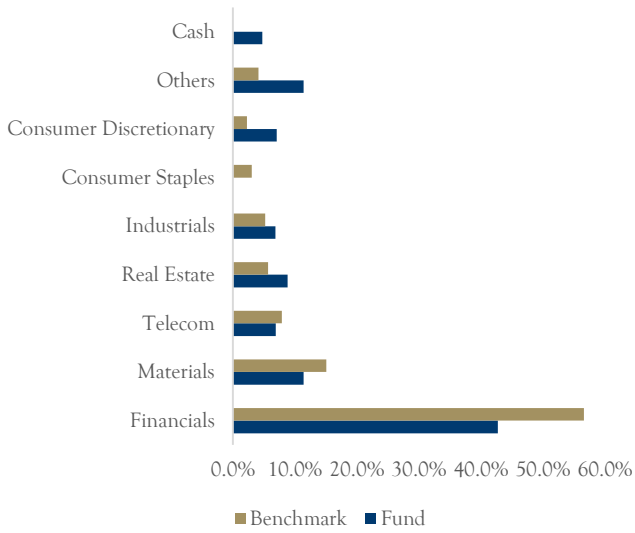
Fund Characteristics[2]	Fund	Benchmark
Standard Deviation	14.5%	14.9%
Sharpe Ratio	-0.42	-0.55
Beta	0.87	
Tracking Error	6.7%	
Information Ratio	0.35	

[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.

Neither Al Mal Capital PSC nor any of its affiliates, directors, authorized managers and/or employees accepts liability for any loss arising from the use of or makes any representation as to the accuracy or completeness of the terms and conditions of products and transactions described herein. Finalized terms and conditions are subject to further discussion and negotiation, and will be determined in part on the basis of pricing and valuation models, data, and assumptions that are proprietary to Al Mal Capital and its affiliates. No assurance can be given that a product or transaction can, in fact, be executed on any representative terms indicated herein.

Al Mal UAE Equity Fact Sheet

NAV Per Unit: AED 1.26

August 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.

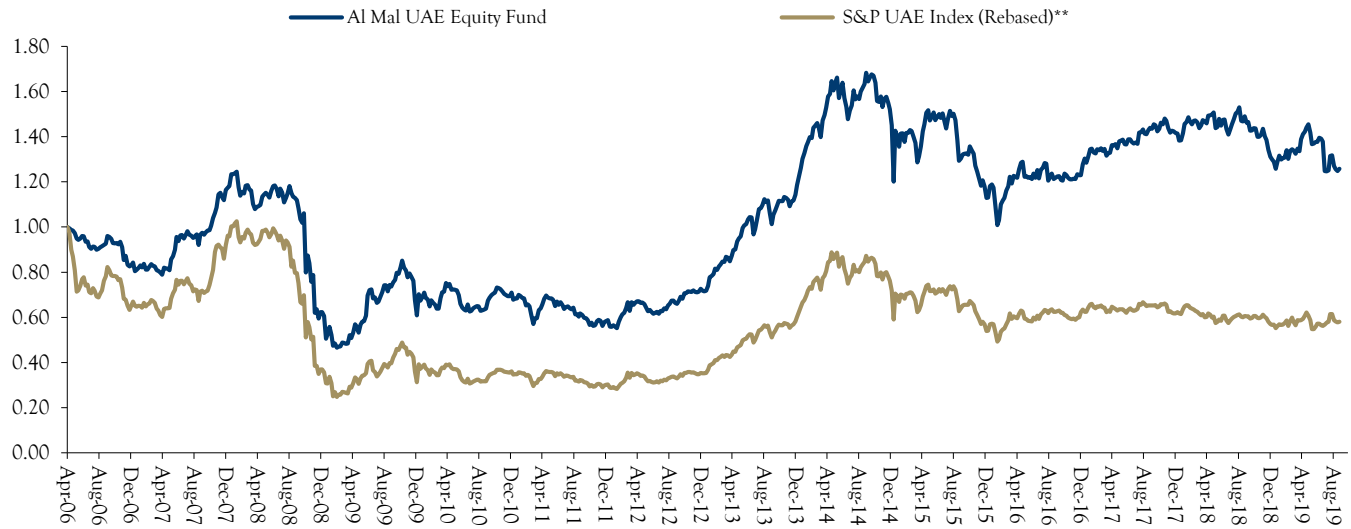
Key Terms:

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	7.6%	2.4%	5.2%
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.	40.5%	-42.0%	82.5%

Performance[1]	Fund	Benchmark[2]	Relative Perf.
1 Month	-4.5%	-5.6%	1.1%
YTD*	7.6%	2.4%	5.2%
1 Year	-5.7%	-4.2%	-1.5%
3 Years	10.8%	-7.1%	17.9%
5 Year	-16.5%	-33.5%	17.0%
Since Inc.	40.5%	-42.0%	82.5%

Performance



** As of 28th of August 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 1.26

August 2019

Fund Manager Commentary:

Volatility continued in the UAE as the Index lost 5.6% in August; this is the fifth time we are seeing a 4%+ monthly move since the start of the year. Both Dubai and Abu Dhabi plummeted, but the former still maintains a decent lead (9% vs. 4.3%) on a year-to-date basis. Our Fund added alpha of 110 bps in August and this brings the year-to-date return to +7.6%.

NMC Health, a longtime favorite for us reported strong results for the first half of the year. Revenue surged 33% y/y driven by higher patients' traffic, improved sales mix and newly added capacities. EBITDA grew +43% y/y beating estimates & on track to meet management guidance for 2019. Coupled with that, the company announced a share buyback and news of two groups interested in bidding for a 40% stake in the company.

A local group IBC said that it intends to acquire 10,000 properties in Dubai to furnish and manage as holiday homes, in a deal valued at USD 5bn. It has contracted Berkshire Hathaway Home Services Gulf Properties to play an advisory brokerage role to assist in identifying, acquiring and financing the properties. The company said it perceives strong opportunities for growth in the short-term accommodation market in Dubai in light of the approaching Expo 2020 event which is set to attract 25mn visitors from all around the world. We see this as an interesting development, one that can go some way in addressing the upcoming oversupply to the market.

Last but not least, it was encouraging to see the UAE markets recording net foreign inflows on a day when the MSCI rebalancing lowered the weights of these markets. We remain positive on UAE equities as we continue to find several well managed businesses trading at reasonably attractive valuations and paying a good dividend yield.

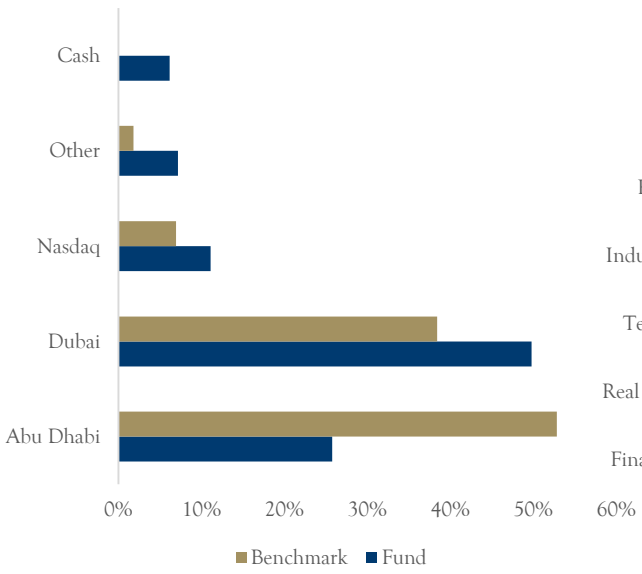
Top Portfolio Holdings	% of Fund
Emaar Properties	10.0
Abu Dhabi Commercial Bank	8.3
Dubai Islamic Bank	7.9
Total # of Holdings	**14**

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

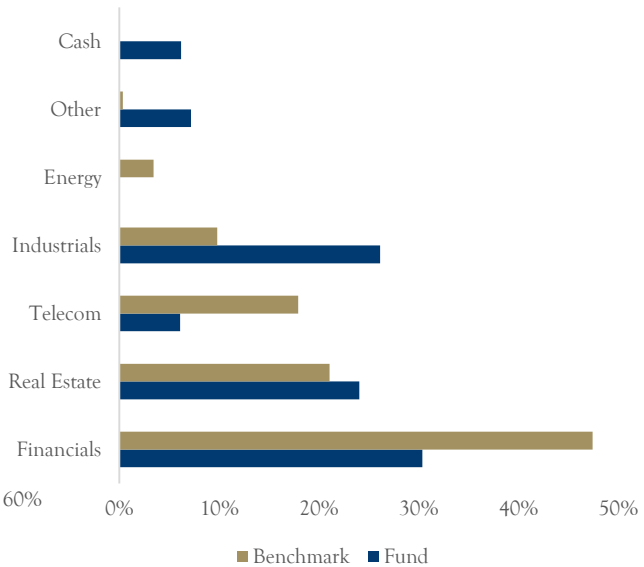
Fund Characteristics[2]	Fund	Benchmark
Standard Deviation	19.1%	20.7%
Sharpe Ratio	-0.35	-0.53
Beta	0.87	
Tracking Error	6.4%	
Information Ratio	0.65	

[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.

Neither Al Mal Capital PSC nor any of its affiliates, directors, authorized managers and/or employees accepts liability for any loss arising from the use of or makes any representation as to the accuracy or completeness of the terms and conditions of products and transactions described herein. Finalized terms and conditions are subject to further discussion and negotiation, and will be determined in part on the basis of pricing and valuation models, data, and assumptions that are proprietary to Al Mal Capital and its affiliates. No assurance can be given that a product or transaction can, in fact, be executed on any representative terms indicated herein.