AZ Al Mal MENA Equity Fact Sheet

November 2020

NAV Per Unit: USD 5.08

Fund Manager Commentary

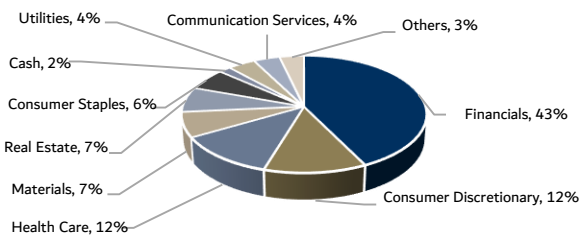
November saw global equities rally to new highs as positive vaccine news coupled with a US election outcome saw investors gather greater tolerance for risk. The Dow and S&P both notched 11% and 10% gains respectively meaning the last month has been the best for US equities since 1987. Re-opening sectors such as aviation and tourism outperformed while big tech lagged contrary to the thesis seen this year. European stocks also surged alongside their US counterparts, the European STOXX rose 15% over November. The MSCI Emerging Markets Index gained 9.3% while the S&P Pan Arab index lagged emerging markets, still posting a solid 7.6% gain for November. Risk on sentiment also took to the commodity markets with crude rallying 22.7% over November, gold on the other hand dropping 4.5% over the same period.

The Tadawul gained 8.5% over November with financials leading the way, heavyweights Al Rajhi up 12.8% and NCB 7.6%. The week also saw economic indicators showing a 4.2% contraction in GDP for Q3 2020. This 4.2% is an improvement for the 7% contraction recorded in Q2 2020, the recovery largely attributable to the recovery of oil prices. Crude oil's surge didn't hinder Saudi and Russia to continue their push for OPEC+ to delay their January oil output increase forcing fellow members to prolong current supply cuts into next year. Meanwhile, rating agency Fitch revised Aramco's outlook to negative from stable a day after similar action was taken on the sovereign citing weakening fiscal and external balance sheet. Nonetheless, Fitch maintained its core 'A' rating but said the company's rating is constrained by close links with the sovereign. Portfolio Holding NCB reported Q3 2020 numbers. Their Q3 2020 profit surged 51% q-o-q and 24% y-o-y. The bank's strong showing was a combination of strong loan growth (6% q-o-q) and a drop in their cost of risk down to 45bps from 104bps in Q2 2020. Management attributed strong loan growth to the mortgage boom and expects this to continue into 2021-22.

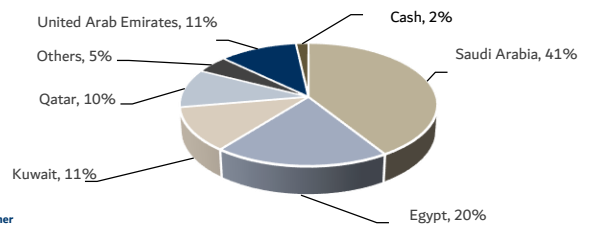
The EGX 30 gained 7% over November lagging the index. Egypt, Ethiopia and Sudan failed to make progress on their dam negotiations the three countries said this month. Foreign and irrigation ministers of the three nations met in November and delegated experts from their countries to agree on a fruitful approach but Egypt's Irrigation Minister Mohammed el-Sabaei said the meeting failed to bridge the gaps. Portfolio holding, Speed Medical reported strong Q3 2020 numbers. They recorded a 147% y-o-y jump in revenues, which translated into a 391% y-o-y growth in their net profit for Q3. Their robust performance year to date is a result of significant top-line growth from COVID-19 testing, with a second wave on the horizon we believe this topline performance may persist. Furthermore, lab revenues recorded EGP 51million, +59.4% q-o-q of which EGP 33million were accounted for by regular blood tests, +50% q-o-q. Finally, average revenue per cash patient recorded EGP238 (excluding COVID PCRs), down from EGP251 in Q2 2020.

Earlier this month, MSCI finally added Seven Kuwaiti securities to the benchmark MSCI Emerging Markets Index, at an aggregate weight of 0.58%. However, it is important to note that passive flows have expected to reach USD 2.9 billion, missing the expected flows of USD 3.1 billion. Though some of it can be explained by price movement, we restate our case for a weaker macro-outlook affecting investor confidence until the gridlock is overcome and certain policy changes are reconsidered. Portfolio holding Humansoft, reported its 3Q20 results with earnings up 84% y-o-y to KWD16.6mn due to timing differences in revenue recognition as a consequence of COVID-19. The firm reported a 11% year on year increase in enrolled students to 13,763 students, driven by a 51% year on year growth in new students (c.4001 new students). Its attractive margins, growth in new enrollments and fortress like balance sheet in the words of management leave it a portfolio favorite of ours.

Sector Allocation



Geographic Allocation



Objective

Achieve capital appreciation, primarily through investment in equity and equity related securities in the Middle East and North African markets.

Fund Performance

Performance[1]	Fund	Benchmark[2]	Alpha
1 Month	4.9%	6.1%	-1.2%
YTD[3]	2.4%	-3.3%	5.7%
1 Year	5.0%	0.8%	4.2%
3 Year	17.6%	14.5%	3.1%
5 Year	33.6%	16.4%	17.1%
Since Inc.	1.7%	-4.2%	5.9%

[1] Performance is net of fees; return is cumulative
[2] S&P Pan Arab Composite Index
[3] As of 25th November 2020

Top 5 Holdings

Holding	% of Fund
Al Rajhi Bank	7.0
National Commercial Bank	5.1
Mouwasat Medical Services	4.8
Humansoft Holdings	4.6
Qatar Electricity and Water	4.1

Fund Analysis

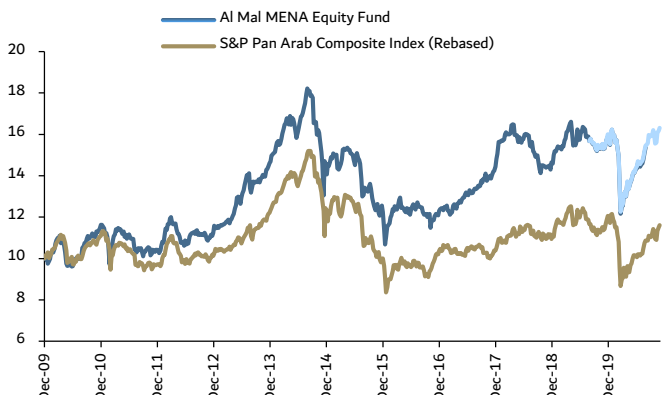
Matrix[4]	Fund	Benchmark
Standard Deviation	13.4%	15.1%
Sharpe Ratio	0.30	0.0
Beta	0.8	
Tracking Error	6.2%	
No. of Holdings	50	

[4] The fund characteristics are based on the historical data of the Al Mal MENA Equity Fund as the AZ Al Mal Equity Fund continues to follow the same strategy; calculated using 3-year weekly data

Fund Information

Investment Manager	Azimut (DIFC) Limited
Investment Advisers	Al Mal Capital PJSC
Fund Manager	Sherif El Haddad
Inception Date	June 26, 2019
Fund Size	USD 57 million
Strategy Size	USD 250 million
Domicile	Luxembourg
Currency	USD
Subscription & Redemption	Weekly
Min Subscription	USD 1 (Retail) -250,000 (Institutional)
Bloomberg Code	AZ3AZUA LX
Management Fee	Up to 2.0%
Benchmark Index	S&P Pan Arab Composite
Fund Type	Open Ended
Administrator & Custodian	BNP Paribas

10Y Fund Strategy Performance



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Al Mal MENA Equity Fact Sheet

November 2020

NAV Per Unit: USD 8.68

Fund Manager Commentary

November saw global equities rally to new highs as positive vaccine news coupled with a US election outcome saw investors gather greater tolerance for risk. The Dow and S&P both notched 11% and 10% gains respectively meaning the last month has been the best for US equities since 1987. Re-opening sectors such as aviation and tourism outperformed while big tech lagged contrary to the thesis seen this year. European stocks also surged alongside their US counterparts, the European STOXX rose 15% over November. The MSCI Emerging Markets Index gained 9.3% while the S&P Pan Arab index lagged emerging markets, still posting a solid 7.6% gain for November. Risk on sentiment also took to the commodity markets with crude rallying 22.7% over November, gold on the other hand dropping 4.5% over the same period.

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Fund Performance

Performance[1]	Fund	Benchmark[2]	Alpha
1 Month	4.9%	6.1%	-1.2%
YTD[3]	1.5%	-3.3%	4.8%
1 Year	4.1%	0.8%	3.3%
3 Year	16.4%	14.5%	1.9%
5 Year	32.2%	16.4%	15.8%
Since Inc.	1.0%	-36.1%	37.1%

[1] Performance is net of fees; 3-year and 5-year return is cumulative
[2] S&P Pan Arab Composite Index
[3] As of 25th November 2020

Top 5 Holdings

Holding	% of Fund
Al Rajhi Bank	7.1
National Commercial Bank	5.1
Mouwasat Medical Services	5.0
Humansoft Holdings	4.9
Qatar Electricity and Water	4.1

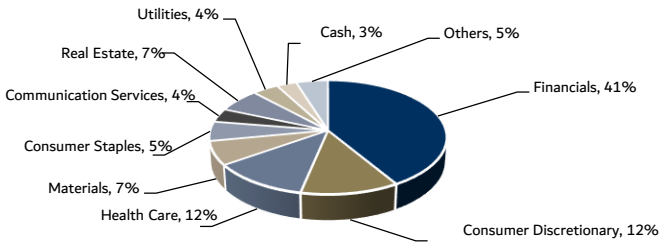
Fund Analysis

Matrix[4]	Fund	Benchmark
Standard Deviation	13.5%	15.0%
Sharpe Ratio	0.3	0.3
Beta	0.8	
Tracking Error	6.0%	
No. of Holdings	50	

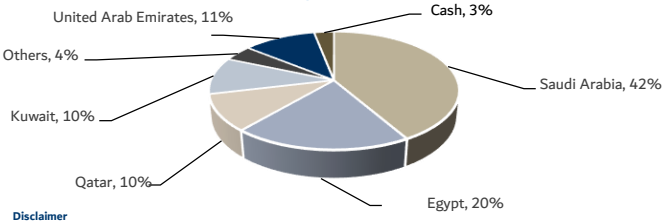
[4] Calculated using 3-year weekly data

Fund Manager	Sherif El Haddad
Inception Date	15th June 2008
Fund Size	USD 22 million
Strategy Size	USD 250 million
Domicile	Bahrain
Currency	USD
Subscription & Redemption	Weekly
Min Subscription	USD 250,000
Bloomberg Code	MALMENE BI
Management Fee	1.75%
Benchmark Index	S&P Pan Arab Composite
Fund Type	Open Ended
Administrator	Apex
Custodian	Standard Chartered

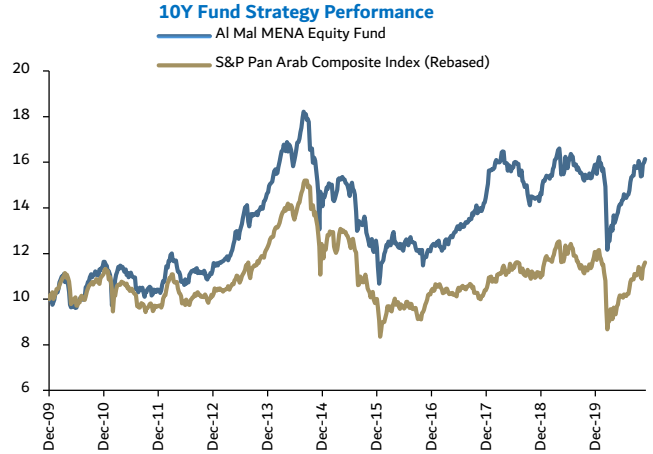
Sector Allocation



Geographic Allocation



10Y Fund Strategy Performance



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Al Mal UAE Equity Fact Sheet

November 2020

NAV Per Unit: AED 1.20

Fund Manager Commentary

The S&P UAE Composite Index rose 9.25%, over the month of November. Naturally, as with most of the other markets around the world positive vaccine news propelled the market higher. But, other than just a news flow-based move, we believe that there is a lot more to look forward to in the UAE. Specifically, a positive macroeconomic story developing for the country as a result of the legislative changes it is currently implementing.

Over the month of November, UAE announced legislative reform in foreign ownership, the penal code and Inheritance law. Initially, The UAE had approved a foreign investment law in 2018 that would allow foreigners to own up to 100% of some businesses and foreigners could already own up to 100% of those registered in designated business parks known as "free zones". The new change in the law allows foreign entrepreneurs and investors to fully establish and own companies without any nationality requirements.

The social reforms in the penal codes, in our opinion, will help raise the profile of the UAE on the international stage as a liberal and progressive destination for tourism. The amendments to the inheritance law allow expatriates living in Dubai to choose the law that would be applied (except for Real Estate properties in Dubai). These changes to the inheritance law in conjunction with the issuance of the FDI license, signal a strong push by the government to attract foreign investors to the country.

In addition, His Highness Sheikh Mohammed bin Rashid Al Maktoum, Prime Minister of the UAE, approved the decision to expand the categories of eligible individuals to include certain professionals and students for the 10-year, golden residency visa. These changes, in our opinion, are a bid to help the Gulf nation bring stability to the expat population, which in line with their other legislative initiatives are helping set up a positive UAE macroeconomic outlook.

The current macroeconomic picture, on the other hand, is mixed based on real estate activity. Property prices continued to decline in Dubai and Abu Dhabi in the third quarter even as market activity and consumer confidence gained traction with the easing of pandemic curbs. However, reports indicated that transaction levels in the property sector spiked in the third quarter as opposed to the second quarter, indicating investors and end-users are looking to secure quality spaces at attractive prices. This narrative seems to hold true in Abu Dhabi as portfolio holding, Aldar properties, announced that Noya its new development sold out in four hours. The demand shows a resilience in the real estate market at least in pockets that aren't oversupplied.

Positive news for a vaccine drove the likes of Air Arabia and Emaar Malls, two companies that logically stand to benefit the most in a post-Covid world. It is important to note that Emaar malls' share price performance wasn't only a macro-based move, its relatively strong 3Q20 results also contributed to the rise in share price. Headline results read top line at AED 836mn, down 29% y-o-y and a bottom-line drop of 60% y-o-y. If we look at their results at a quarterly level, the recovery story is shaping up. Topline increased 27% q-o-q as a result of a surprise increase in contribution from the mall segment, despite the rent relief policy initiated to retain tenants.

Portfolio holding, Agthia has been aggressively putting into motion its strategy to expand its regional footprint and diversifying its portfolio. In the beginning of the month they acquired Al Foah, just last week they also completed the acquisition of Al Faysal Bakery and Sweets in Kuwait. We believe that management is adapting to the pressures they have faced from COVID-19 and lockdowns, by focusing on developing their portfolio and scale. We expect a post-Covid scenario to now exponentially benefit a well-diversified player like Agthia.

Objective

Achieve medium to long-term capital growth by investing primarily in equities listed on the UAE Exchange.

Fund Performance

Performance[1]	Fund	Benchmark[2]	Alpha
1 Month	10.9%	9.3%	1.7%
YTD[3]	6.2%	-11.1%	17.3%
1 Year	5.0%	-9.8%	14.8%
3 Year	2.5%	-18.2%	20.7%
5 Year	23.8%	-11.1%	35.0%
Since Inc.	46.1%	-49.5%	95.6%

[1] Performance is net of fees; return is cumulative
[2] S&P UAE Composite Index
[3] As of 25th November 2020

Top 3 Holdings

Holding	% of Fund
First Abu Dhabi Bank	23.3
Tabreed	15.2
Emirates NBD	13.6

Fund Analysis

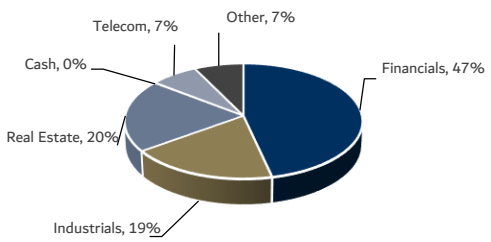
Matrix[4]	Fund	Benchmark
Standard Deviation	17.1%	23.0%
Sharpe Ratio	-0.09	-0.38
Beta	0.66	
No. of Holdings	11	

[4] Calculated using 3-year weekly data

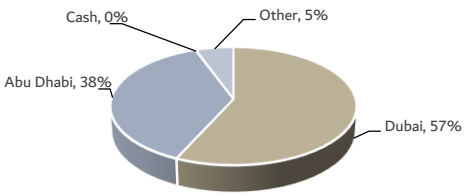
Fund Information

Fund Manager	Sherif El Haddad
Fund Size	AED 42 million
Domicile	UAE
Currency	AED
Subscription & Redemption	Weekly
Min Subscription	AED 100,000
Management Fee	1.50%
Performance Fee	20% over 10% hurdle with high watermark
Financial Year End	31st December
Benchmark Index	S&P UAE Composite Index
Fund Type	Open Ended
Administrator & Custodian	Standard Chartered

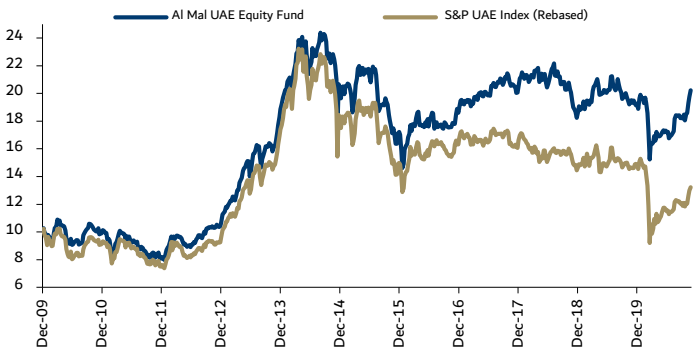
Sector Allocation



Geographic Allocation



10Y Fund Strategy Performance



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