AZ Al Mal MENA Equity Fact Sheet

NAV Per Unit: USD 4.95

AZIMUT DEFINING INVESTMENT DIRECTION

المال كابيتال Al Mal Capital

January 2020

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.

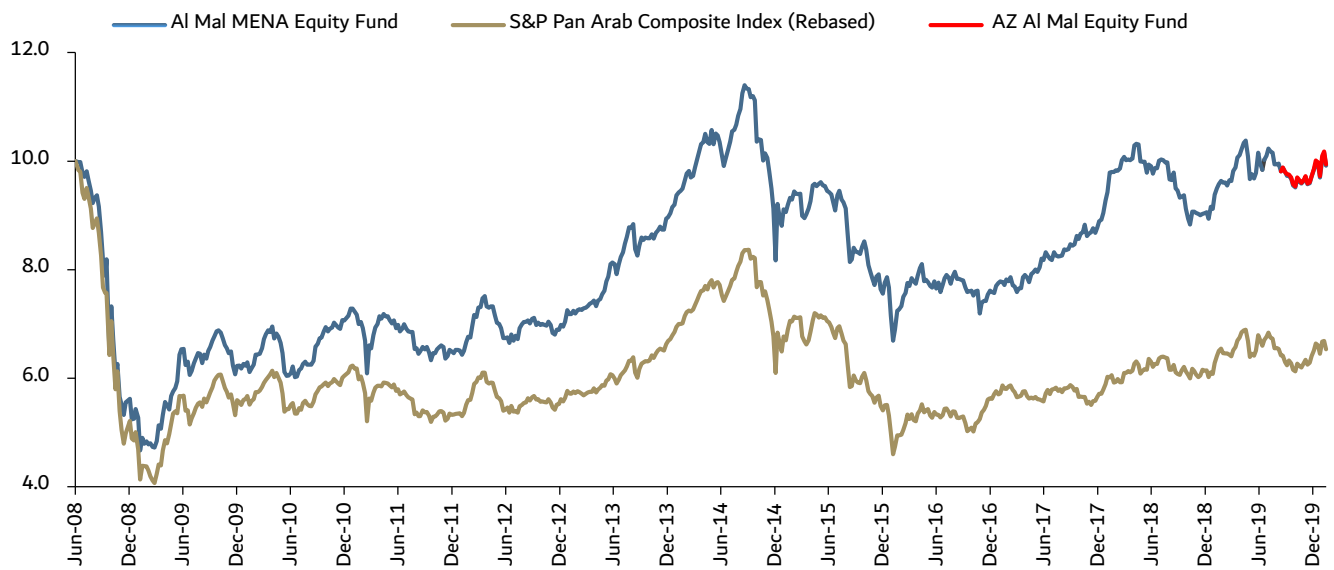
Key Terms:

Investment Manager	Azimut (DIFC) Limited
Investment Advisers	Al Mal Capital PJSC
Inception Date	26th June 2019
Fund Size	USD 52 million
Strategy Size	USD 80 million
Fund Registration	Luxembourg
Currency	USD
Subscription	Weekly (Tuesday, 1:00PM CET)
Min Subscription	USD 1 (Retail) -250,000 (Institutional)
Bloomberg Code	AZ3AZUA LX
Management Fee	0.85% (Institutional); 1.5-2% (Retail)
Subscription Fee	Up to 2%
Redemption	Weekly (Tuesday, 1:00PM CET)
Benchmark Index	S&P Pan Arab Composite
Fund Type	Open Ended
Administrator	BNP Paribas
Custodian	BNP Paribas
Auditors	PricewaterhouseCoopers

Performance	Fund	Benchmark	Relative Perf.
2020	-0.3%	-1.2%	0.8%
2019	-0.7%	-0.9%	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.	-1.0%	-2.1%	1.0%

Performance[2]	Fund	Benchmark[3]	Relative Perf.
1 Month	-0.3%	-1.2%	0.8%
YTD[1]	-0.3%	-1.2%	0.8%
1 Year	3.6%	0.4%	3.2%
3 Years	27.0%	12.6%	14.4%
5 Year	6.9%	-7.3%	14.3%
Since Inc.[1]	-1.0%	-2.1%	1.0%

Performance



** As of 29th of January 2020*

*** The AZ Al Mal Equity Fund was launched on June 30th, 2019. The fund follows the same investment strategy as the Al Mal MENA Equity Fund.*

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

[1] The fund YTD and Since Inception are calculated as of June 26, 2019

[2] Performance is net of fees; 3-year and 5-year return is cumulative; returns are calculated using the data of Al Mal MENA Equity Fund

[3] S&P Pan Arab Composite Index

AZ Al Mal MENA Equity Fact Sheet

NAV Per Unit: USD 4.95

January 2020

Fund Manager Commentary:

Middle East and North Africa (MENA) markets had a rough start to 2020. First, we had the geo-political tensions flaring up between US and Iran, which receded rather quickly. And then closer to the end of the month, the spread of a new coronavirus spooked equity markets. Overall, the 1.2% monthly decline of the S&P Pan Arab Index looks decent in the context of Brent oil falling 9.4% below the USD 60 mark. The Azimut Al Mal MENA equity return is flat over the month (-0.3%) as some of our bottom up ideas outperformed the index.

Our core holding eXtra - the electronics retailer in Saudi - reported results ahead of consensus once again. Net Income grew 15% y/y as its market share further increased to 20% in 2019. Sales growth was driven by the Mega Sale festival, the new e-platform, higher after-sale service and the Shariah-compliant consumer finance. National Bank of Kuwait - the top constituent in the Fund - also announced decent fourth quarter results. The stock would be a major beneficiary of passive flows in the month of May when Kuwait gets included in the MSCI EM Index. Within our 'beta' sub-portfolio - which aims to provide market exposure and enhance overall liquidity of the Fund – FAB and NCB reported their Q4 results. It is important to note that we are generally underweight these large caps on account of relative value.

The World Bank slashed growth forecasts for the GCC region to 1.3%, 1.0%, and 0.1%, for 2019, 2020, and 2021 respectively. While these figures are not exciting, we believe there are several companies in specific sectors that can deliver strong double-digit earnings growth.

We spent two days in Kuwait meeting companies across various sectors. The dynamics in this market are unique and can differ substantially from the rest of the Gulf. While there is a lot of fiscal room for the government to expedite the infrastructure spending program, the execution on the ground is slower, but steadier. Moreover, unlike in Dubai, the big spenders in retail and restaurants are local Kuwaiti citizens who are relatively unscathed by a weaker economic environment. While we have identified some potential alpha ideas, the broader market is currently at elevated levels driven by the MSCI inclusion. We thus prefer to wait for better entry points.

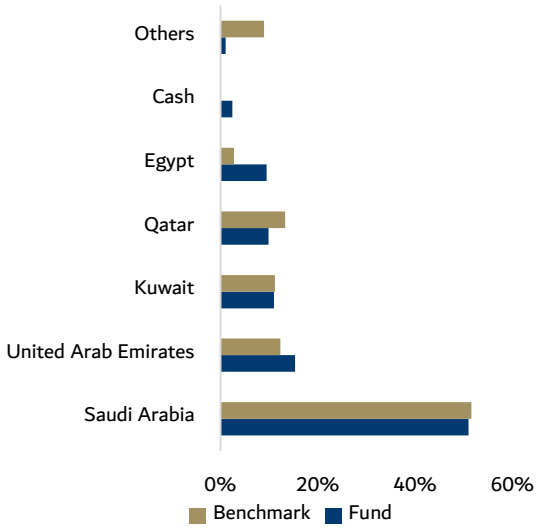
Top Portfolio Holdings	% of Fund
National Bank of Kuwait	6.1
Al Rajhi Bank	5.3
Qatar National Bank	4.4
DP World	4.2
Emirates NBD	4.0
SISCO	3.9
Jarir Marketing	3.6
Al-Hassan G.I. Shaker	3.6
Cleopatra Hospital	3.3
Leejam Sports	3.2
Total # of Holdings	38

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

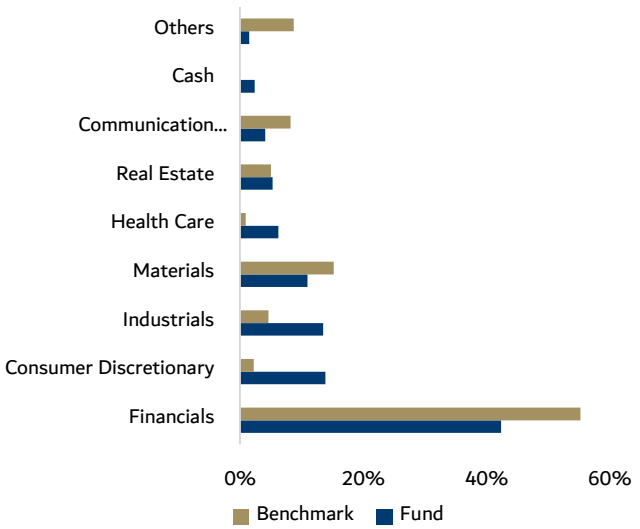
Fund Characteristics[2]	Fund	Benchmark
Standard Deviation	9.5%	10.1%
Sharpe Ratio	0.53	0.06
Beta	0.80	
Tracking Error	6.0%	
Information Ratio	0.59	

[2] The fund characteristics are based on the historical data of the Al Mal MENA Equity Fund as the AZ Al Mal Equity Fund will continue to follow the same strategy. It is calculated using 3-year weekly data

Geographic Allocation



Sector Allocation



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Al Mal MENA Equity Fact Sheet

NAV Per Unit: USD 8.87

المال كابيتال
Al Mal Capital

January 2020

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:

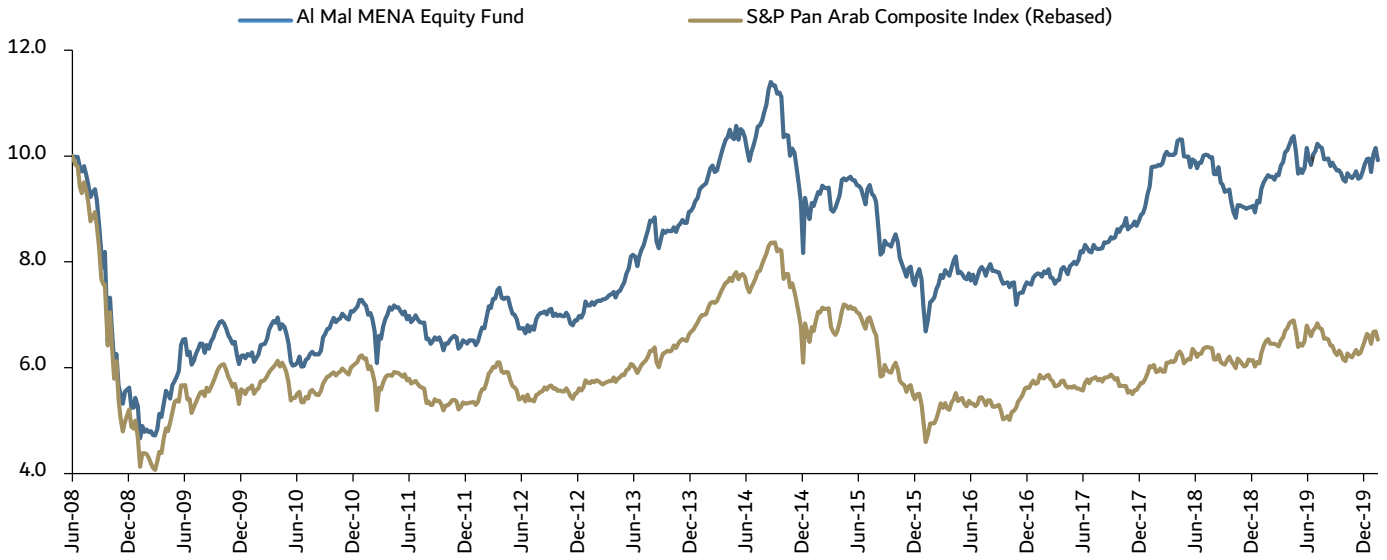
Fund Manager	Sherif El Haddad
	Vrajesh Bhandari, CFA
	Tamara Tannir, CFA
Inception Date	15th June 2008
Fund Size	USD 12 million
Strategy Size	USD 80 million
Fund Registration	Bahrain
Currency	USD
Subscription	Weekly
Min Subscription	USD 250,000
Bloomberg Code	MALMENE BI
Reuters Code	LP65123002

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	PricewaterhouseCoopers

Performance	Fund	Benchmark	Relative Perf.
2020	-0.3%	-1.2%	0.9%
2019	8.6%	8.2%	0.4%
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.	-0.8%	-34.7%	33.9%

Performance[1]	Fund	Benchmark[2]	Relative Perf.
1 Month	-0.3%	-1.2%	0.9%
YTD*	-0.3%	-1.2%	0.9%
1 Year	4.3%	1.5%	2.8%
3 Years	26.9%	12.6%	14.2%
5 Year	6.8%	-7.3%	14.1%
Since Inc.	-0.8%	-34.7%	33.9%

Performance



** As of 29th of January 2020*

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 8.87

January 2020

Fund Manager Commentary:

Middle East and North Africa (MENA) markets had a rough start to 2020. First, we had the geo-political tensions flaring up between US and Iran, which receded rather quickly. And then closer to the end of the month, the spread of a new coronavirus spooked equity markets. Overall, the 1.2% monthly decline of the S&P Pan Arab Index looks decent in the context of Brent oil falling 9.4% below the USD 60 mark. The Al Mal Mena equity return is flat over the month (-0.3%) as some of our bottom up ideas outperformed the index.

Our core holding eXtra - the electronics retailer in Saudi - reported results ahead of consensus once again. Net Income grew 15% y/y as its market share further increased to 20% in 2019. Sales growth was driven by the Mega Sale festival, the new e-platform, higher after-sale service and the Shariah-compliant consumer finance. National Bank of Kuwait - the top constituent in the Fund - also announced decent fourth quarter results. The stock would be a major beneficiary of passive flows in the month of May when Kuwait gets included in the MSCI EM Index. Within our 'beta' sub-portfolio - which aims to provide market exposure and enhance overall liquidity of the Fund – FAB and NCB reported their Q4 results. It is important to note that we are generally underweight these large caps on account of relative value.

The World Bank slashed growth forecasts for the GCC region to 1.3%, 1.0%, and 0.1%, for 2019, 2020, and 2021 respectively. While these figures are not exciting, we believe there are several companies in specific sectors that can deliver strong double-digit earnings growth.

We spent two days in Kuwait meeting companies across various sectors. The dynamics in this market are unique and can differ substantially from the rest of the Gulf. While there is a lot of fiscal room for the government to expedite the infrastructure spending program, the execution on the ground is slower, but steadier. Moreover, unlike in Dubai, the big spenders in retail and restaurants are local Kuwaiti citizens who are relatively unscathed by a weaker economic environment. While we have identified some potential alpha ideas, the broader market is currently at elevated levels driven by the MSCI inclusion. We thus prefer to wait for better entry points.

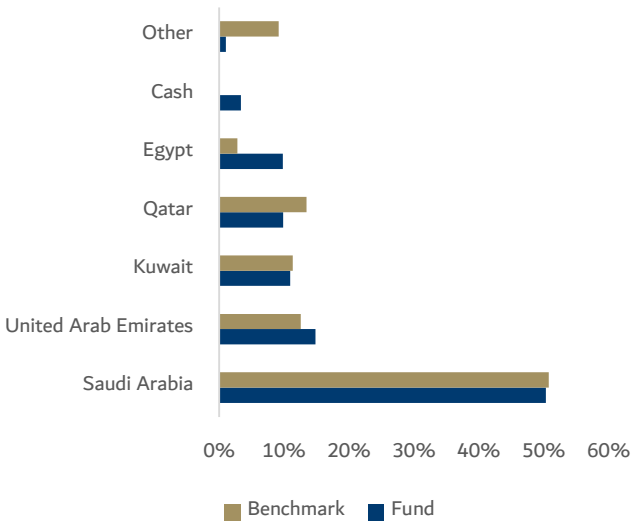
Top Portfolio Holdings	% of Fund
National Bank of Kuwait	6.4
Al Rajhi Bank	5.4
Qatar National Bank	4.7
Saudi Industrial Services	4.5
Jarir	4.2
Total # of Holdings	**38.0**

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

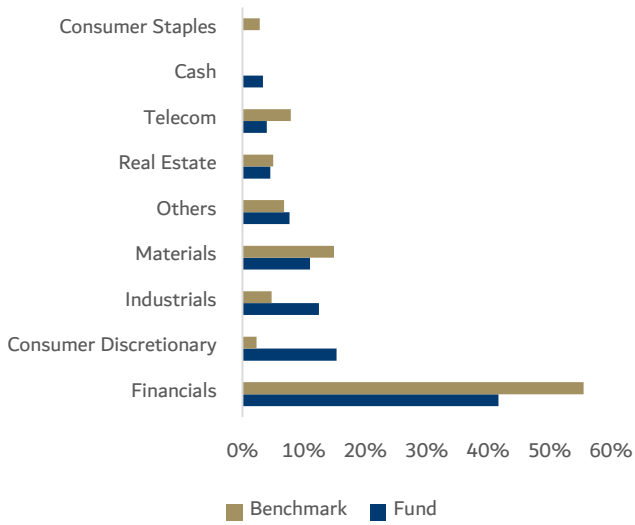
Fund Characteristics[2]	Fund	Benchmark
Standard Deviation	9.5%	10.0%
Sharpe Ratio	0.72	0.21
Beta	0.77	
Tracking Error	5.9%	
Information Ratio	0.76	

[2] Calculated using 3-year weekly data

Geographic Allocation



Sector Allocation



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Al Mal UAE Equity Fact Sheet

NAV Per Unit: AED 1.21

January 2020

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.

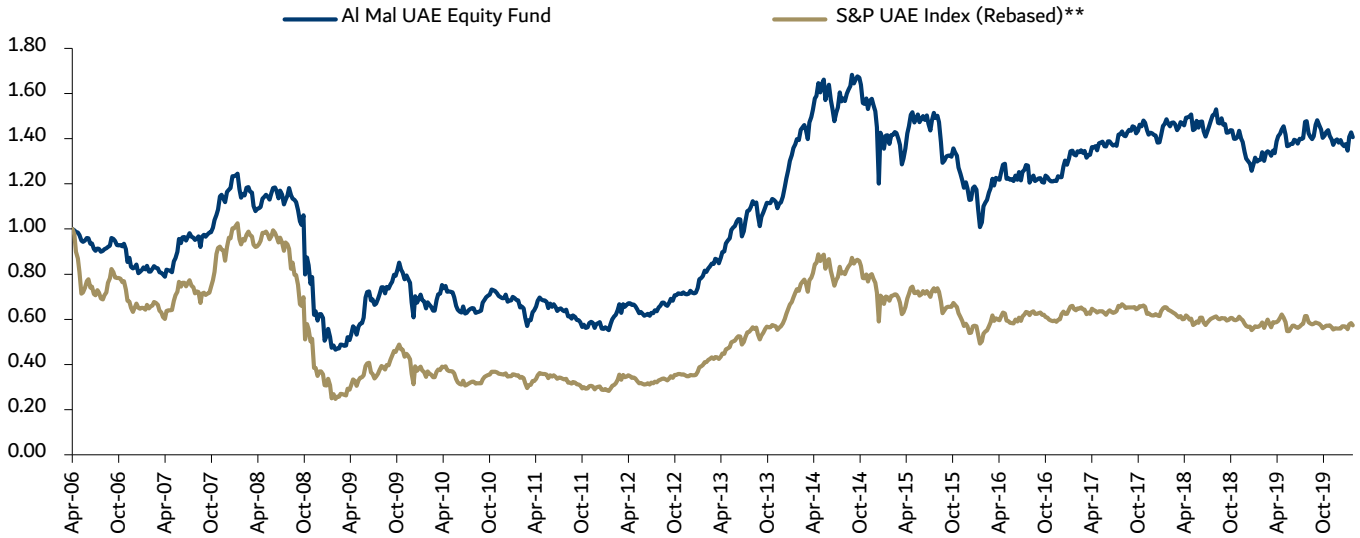
Key Terms:

Fund Manager	Sherif El Haddad
	Vrajesh Bhandari, CFA
	Tamara Tannir, CFA
Inception Date	5th April 2006
Fund Registration	UAE
Currency	AED
Fund Size	AED 42mn
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.
2020	2.2%	0.8%	1.4%
2019	4.9%	0.3%	4.6%
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.	40.7%	-42.7%	83.4%

Performance[1]	Fund	Benchmark[2]	Relative Perf.
1 Month	2.2%	0.8%	1.4%
YTD*	2.2%	0.8%	1.4%
1 Year	7.4%	0.9%	6.5%
3 Years	5.8%	-10.6%	16.4%
5 Year	-0.8%	-18.6%	17.8%
Since Inc.	40.7%	-42.7%	83.4%

Performance



** As of 29th of January 2020*

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

January 2020

Fund Manager Commentary:

Both Dubai and Abu Dhabi are off to a good start as healthy dividend yields come in focus. The Al Mal UAE equity fund outperformed with core holdings DP World, Emirates NBD and others delivering good returns.

Emirates NBD's fourth quarter results showed marked deterioration in asset quality at the newly acquired Turkish bank - almost half of the provisions (AED 900mn of 2bn) were on account of Denizbank. For the current year, the bank is guiding for a mid-single digit loan growth, stable NIMs (Net Interest Margins) and slight increase in loan loss charges, thereby implying flat earnings. Our investment case hinges on further rerating of the P/E multiple (~7x) as foreign investors assume a larger ownership post the increase in limits. In other results, Tabreed, the district cooling company reported a good set of numbers. While EBITDA rose 7% y/y, associates and JV income grew 50%. More importantly, the company increased the dividend to 10.5 fils per share, implying a 5.5% dividend yield. Abu Dhabi Commercial (ADCB)'s numbers are a bit concerning as it took a bigger than expected hit on the provision line post the takeover of UNB and Al Ahli Bank. Including stage 3 loans, the NPL ratio stood at 4.5% while coverage dropped to 85%. We are re -evaluating the investment thesis.

After a sluggish 2018, Dubai recorded a 5% increase in tourist arrivals last year to 16.7m. The city emirate has a target of 20m tourists in 2020 driven by the Expo which opens in October. In our view, the market is not expecting much from this extraordinary event and we could thus get some positive surprise in terms of the direct economic impact. This would act as a headwind for business and investors' sentiment. It is also worth mentioning that Dubai announced a new district dedicated to the 'new economy' along with a Dh 1 billion fund to support the companies. Ten initiatives will be launched in the coming period to support the economy of the future by providing an attractive investment, technological, legislative, service and enabling environment.

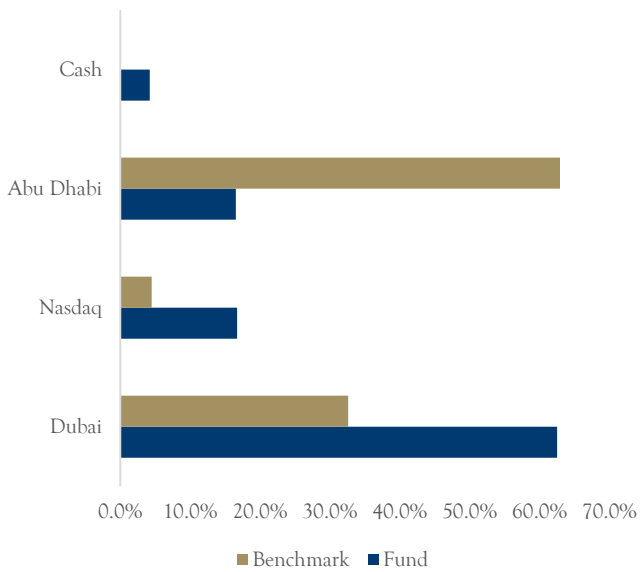
Top Portfolio Holdings	% of Fund
Emirates NBD	17.4
DIB	12.1
DP World	12.0
Total # of Holdings	**10.0**

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

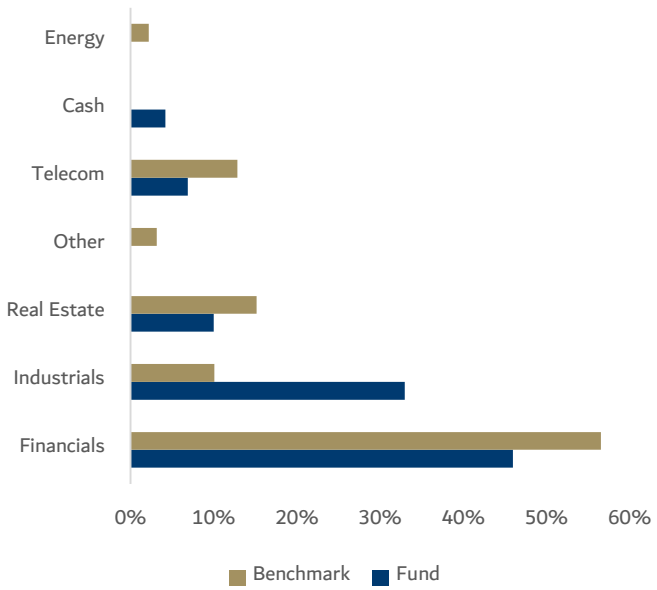
Fund Characteristics[2]	Fund	Benchmark
Standard Deviation	12.1%	13.0%
Sharpe Ratio	-0.03	-0.46
Beta	0.75	
Tracking Error	7.9%	
Information Ratio	0.73	

[2] Calculated using 3-year weekly data

Geographic Allocation



Sector Allocation



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