AZ Al Mal MENA Equity Fact Sheet

June 2020

NAV Per Unit: USD 4.48

Fund Manager Commentary

June was a very strong month for Emerging Markets – the MSCI EM Index rose 9%. In the region, the high beta markets of Egypt and UAE outperformed. Brent Oil jumped $6.5 to above $40, a barrel.

In an update of its World Economic Outlook forecast, the IMF said it now expects a deeper global recession in 2020 and a slower recovery in 2021, as the coronavirus crisis intensifies. In the region, Saudi Arabia's economy will shrink by 6.8% this year, the Fund said, a sharper decline than the 2.3% contraction estimated in April. The country ended the nationwide curfew in mid-June, after three months of lockdown. However, the Government limited the number of domestic pilgrims attending the Hajj to around 1,000 – to put that in context, some 2.5mn pilgrims typically visit the holiest sites of Islam in Mecca and Medina for Hajj.

Two of the largest banks in the kingdom – NCB & Samba announced they are in talks for a merger – the combined entity would be the largest in the country with a 30% market share. Given the common shareholder PIF, the deal is likely to go through. We have a negative view on the banking sector owing to lower rates and pressure on asset quality amid the economic downturn.

IPO's are back "on" in the region. Saudi mortgage lender Amlak International will offer 30% of its capital. The company had a revenue of SAR296mn and earnings before tax of SAR102mn in 2019. Bindawood, the operator of supermarket chains in the Kingdom will file the IPO as a regulation S offering, making it open to institutional investors outside the United States. The company like other grocers around the world have benefited from a spike in demand during the lockdown to stem the coronavirus pandemic.

Despite the World Bank suggesting emerging economies will contract for the first time in 60 years, they did reiterate Egypt will remain to be MENA's fastest growing economy, albeit at a slower pace of 2.1%, down from 6% previously estimated. Egypt remains to be a country overweight of ours, in which our stock picks within the nation focus on sectors currently underserved within the nation, primarily within the education and healthcare space. The World Bank is providing USD400mn to support universal health coverage in Egypt. This will help increase the reach of the program in six governorates and offer temporary financial protection to those hit by high out-of-pocket health expenditures linked to the coronavirus outbreak. We see this as a further positive for our holdings in the sector. Portfolio holding Cleopatra Hospitals reported strong set of Q1 results. Revenue grew 21% y/y driven by 5% increase in patients. Moreover, Rameda, a potential new idea, announced that it has started to manufacture antiviral Anviziram tablets as a possible treatment for COVID-19. The company has also secured the Egyptian Drug Authority's approval to manufacture intravenous Remedisvir.

Kuwait, being the most vocal of all Gulf states in 'solving' the population structure - the PM suggesting the ideal ratio of 70:30 locals vs. expats, the inverse of the current situation. In our view, such major corrections if undertaken without adequate planning, can cause severe interim imbalances. Expats will no longer be hired in the oil sector for the year 2020-21.

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	4.1%	3.7%	0.5%
YTD[3]	-9.7%	-15.8%	6.0%
1 Year	-8.7%	-15.6%	6.9%
3 Year	9.7%	-2.5%	12.2%
5 Year	-1.0%	-17.4%	16.4%
Since Inc.	-10.4%	-16.5%	6.2%

[1] Performance is net of fees; return is cumulative
[2] S&P Pan Arab Composite Index
[3] As of 24th June 2020

Top 5 Holdings

Holding	% of Fund
Humansoft	5.8
Al Rajhi Bank	5.2
Mouwasat Medical Services	5.1
National Bank of Kuwait	4.3
MM Group for Industry & International Trade	4.2

Fund Analysis

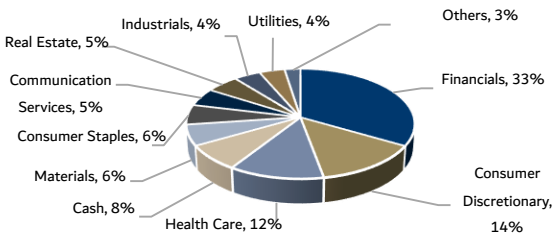
Matrix[4]	Fund	Benchmark
Standard Deviation	13.2%	14.8%
Sharpe Ratio	0.15	-0.1
Beta	0.8	
Tracking Error	6.5%	
No. of Holdings	40	

[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

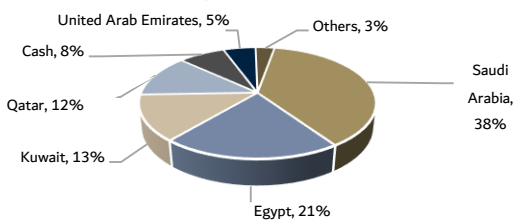
Fund Information

Investment Manager	Azimut (DIFC) Limited
Investment Advisers	Al Mal Capital PJSC
Investment Team	Sherif El Haddad Tamara Tannir, CFA Jai Lawrence
Inception Date	June 26, 2019
Fund Size	USD 47 million
Strategy Size	USD 80 million
Domicile	Luxembourg
Currency	USD
Subscription & Redemption	Weekly
Min Subscription	USD 1 (Retail) -250,000 (Institutional)
Bloomberg Code	AZ3AZUA LX
Management Fee	0.85% - 2.00 %
Benchmark Index	S&P Pan Arab Composite
Fund Type	Open Ended
Administrator & Custodian	BNP Paribas

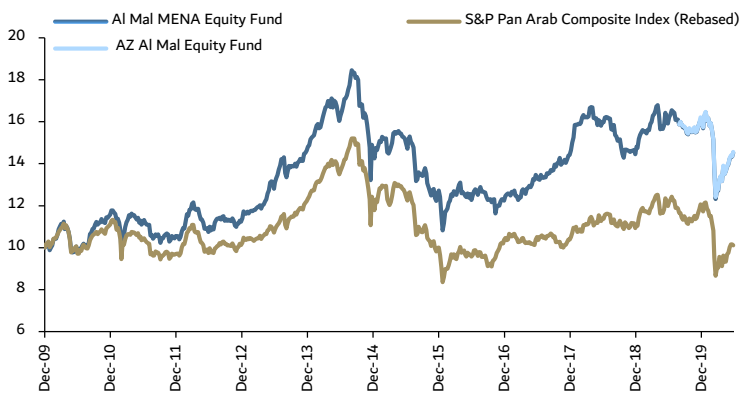
Sector Allocation



Geographic Allocation



10Y Fund Strategy Performance



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Al Mal MENA Equity Fact Sheet

June 2020

NAV Per Unit: USD 8.02

Fund Manager Commentary

June was a very strong month for Emerging Markets – the MSCI EM Index rose 9%. In the region, the high beta markets of Egypt and UAE outperformed. Brent Oil jumped $6.5 to above $40, a barrel.

In an update of its World Economic Outlook forecast, the IMF said it now expects a deeper global recession in 2020 and a slower recovery in 2021, as the coronavirus crisis intensifies. In the region, Saudi Arabia's economy will shrink by 6.8% this year, the Fund said, a sharper decline than the 2.3% contraction estimated in April. The country ended the nationwide curfew in mid-June, after three months of lockdown. However, the Government limited the number of domestic pilgrims attending the Hajj to around 1,000 – to put that in context, some 2.5mn pilgrims typically visit the holiest sites of Islam in Mecca and Medina for Hajj.

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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	3.9%	3.7%	0.2%
YTD[3]	-9.9%	-15.8%	5.9%
1 Year	-10.1%	-17.0%	6.9%
3 Year	9.4%	-2.5%	11.9%
5 Year	-1.3%	-17.4%	16.1%
Since Inc.	-10.3%	-44.3%	34.0%

[1] Performance is net of fees; 3-year and 5-year return is cumulative
[2] S&P Pan Arab Composite Index
[3] As of 24th June 2020

Top 5 Holdings

Holding	% of Fund
Humansoft Holding Co KSC	5.8
Al Rajhi Bank	5.3
DP World PLC	5.3
Mouwasat Medical Services	5.2
National Bank of Kuwait	4.3

Fund Analysis

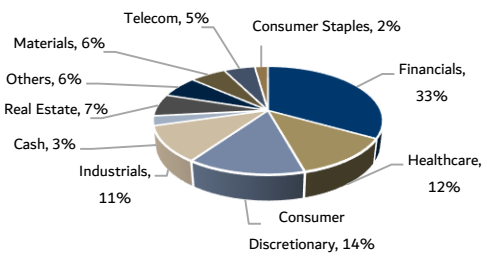
Matrix[4]	Fund	Benchmark
Standard Deviation	13.2%	14.7%
Sharpe Ratio	0.2	-0.1
Beta	0.8	
Tracking Error	6.4%	
No. of Holdings	41	

[4] Calculated using 3-year weekly data

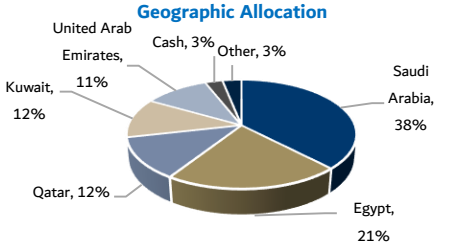
Fund Information

Fund Manager	Sherif El Haddad Tamara Tannir, CFA Jai Lawrence
Inception Date	15th June 2008
Fund Size	USD 10 million
Strategy Size	USD 80 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

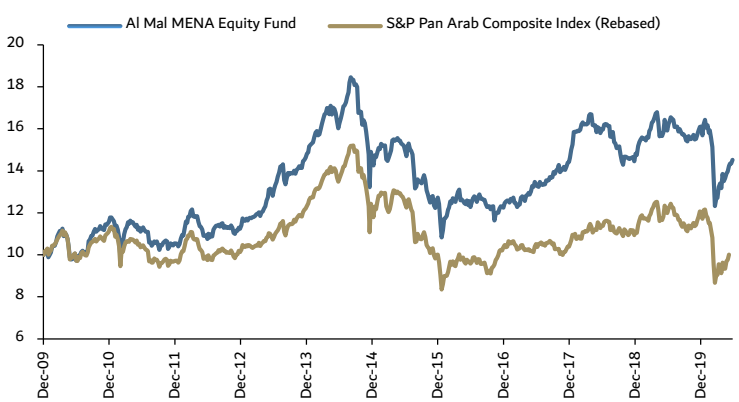
Sector Allocation



Geographic Allocation



10Y Fund Strategy Performance



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Al Mal UAE Equity Fact Sheet

June 2020

NAV Per Unit: AED 1.05

Fund Manager Commentary

Over the last month, Dubai Index rose 5.8%, while Abu Dhabi added 4.7%. The former fully reopened malls and private businesses (including cinemas, gyms, ice rinks and its indoor ski slope) after easing restrictions last month, even as the capital imposed a ban on traffic to and between its cities.

The UAE Central bank put out some forecasts for 2020. Credit expansion is expected to slow in the second quarter, followed by a gradual recovery. Property prices are seen declining with a sharper drop in the second and third quarters, before moderating in the last quarter. A drop-in employment is expected in the second and third quarters, with a recovery in the fourth. Economic sentiment may drop further but is likely to moderate with the projected recovery in the last quarter, reflecting improving sentiment and preparation for the Dubai Expo in 2021. Foreign investment is also assumed to fall, from 8% growth between 2017 and 2018, due to deterioration in sentiment. Fiscal spending growth will average about 28%, corresponding to the projected stimulus to counter Covid-19.

Moody's, the credit rating agency changed the outlook to negative for eight UAE banks citing potential material weakening in their credit profiles amid the COVID-19 outbreak, low oil prices and pre-existing economic challenges. The equity markets have largely priced in the damage, in our view. On the same note, Emirates NBD is cutting some 10% of its staff, around 800 people mainly from the private banking arm.

Dubai is consolidating two of its government companies in 'an effort to sustain and advance growth through a unified and integrated vision'. Meraas has over 80 million square feet of total developed land, while Dubai Holding lists Jumeirah Group, Dubai Properties and TECOM Group among its portfolio. TECOM Group owns and operates ten sector-focused business clusters, with Dubai Internet City and Dubai Media City being the flagships. The combined entity will continue to be run by Sheikh Ahmed Bin Saeed Al-Maktoum, who is also head of the Emirates aviation group. We view this as a positive pro-active step in the current environment.

The statement from Emirates Airlines Chief that it could take the state carrier up to four years to resume flying to its entire network – highlights the challenges faced by the sector even while other industries get up and running. Emirates airlines in an effort to soften the COVID-19 impact began another round of job cuts laying off over seven thousand cabin crew members along with 600 pilots Avoid exposure to this space until the 'new normal' is clear.

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	1.9%	4.7%	-2.8%
YTD[3]	-11.3%	-21.7%	10.3%
1 Year	-12.7%	-21.3%	8.6%
3 Year	-11.0%	-29.2%	18.2%
5 Year	-16.8%	-37.7%	20.9%
Since Inc.	22.0%	-55.5%	77.5%

[1] Performance is net of fees; return is cumulative
[2] S&P UAE Composite Index
[3] As of 24th June 2020

Top 3 Holdings

Holding	% of Fund
First Abu Dhabi Bank	16.6
Emirates NBD	16.4
Tabreed	14.4

Fund Analysis

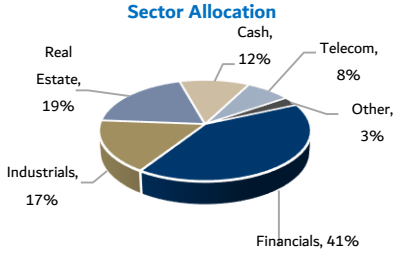
Matrix[4]	Fund	Benchmark
Standard Deviation	16.4%	22.7%
Sharpe Ratio	-0.37	-0.58
Beta	0.63	
Tracking Error	11.4%	
No. of Holdings	10	

[4] Calculated using 3-year weekly data

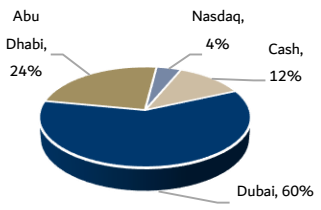
Fund Information

Fund Manager	Sherif El Haddad Tamara Tannir, CFA Jai Lawrence
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

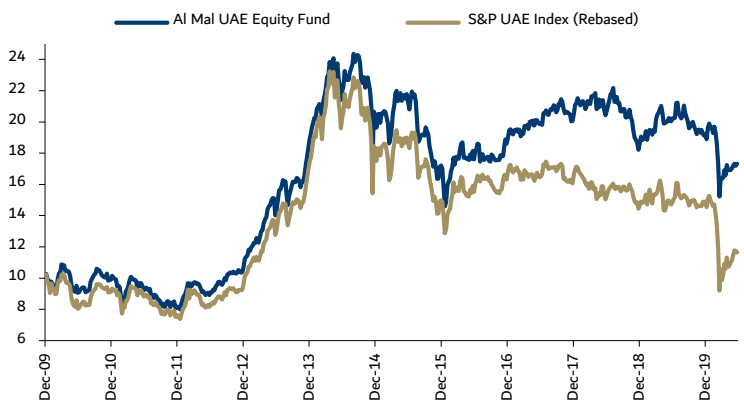
Sector Allocation



Geographic Allocation



10Y Fund Strategy Performance



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