AZ Al Mal MENA Equity Fact Sheet

May 2020

NAV Per Unit: USD 4.31

Fund Manager Commentary

The pandemic, the resulting economic lockdowns and the market's reaction, in the first four months of the year meant that this May was going to be different to the proverbial 'sell in May & go away' – that is generally on collecting dividends after a good start to the year.

Though May 2020 did begin on a weak note, sentiment changed by the middle of the month on hopes of a coronavirus vaccine and the subsequent re-opening of the economy. The S&P Pan Arab Index closed the month +1.4%: Kuwait, Qatar & Saudi did well (in that order), while Egypt & UAE underperformed once again.

Saudi Arabia announced drastic fiscal measures as the kingdom aims to contain the growing fiscal deficit. VAT was hiked from 5% to 15%, the SAR 1000 per month cost of living allowance to Saudis working in the public sector was scrapped and several projects were cancelled or put on hold. These measures are expected to result in savings of SAR 100 to 150bn & rein in the deficit from 15% to 10% of GDP, but at a huge cost to economic growth. The UAE was quick to say they had no plans to hike the tax. Oman made significant cuts to government spending including a further 5% cut to the budgets of government bodies and the armed forces. In Kuwait, we hear calls for a tax on expat remittances. A senior politician has urged to expel close to two million expatriates from the country over the next five year to rectify its 'demographic imbalance'.

At the same time, monetary stimulus continues to pour in. The Central Bank of Egypt is providing EGP 100bn in loan guarantees to banks to encourage lending to businesses at an interest rate of 8%, well below the overnight lending rate of 10.25%. The UAE's Central Bank said of its AED 50bn liquidity facility to cushion the economic impact of the coronavirus, 77%has been drawn down.

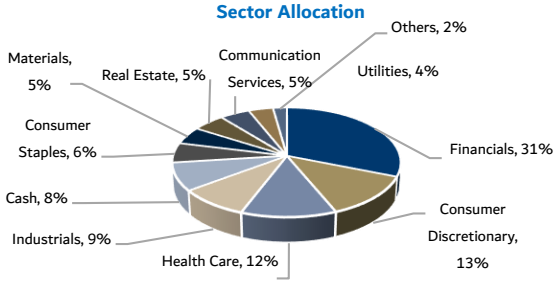
Oil rose above USD 30 a barrel as producers continued to cut activity - the number of rigs in the US fell for the ninth week to levels not seen in more than a decade while Iraq said it planned to halt output from one of its oil fields. These come on top of a curb of almost 10 million barrels a day of from OPEC+, which kicked off at the beginning of the month.

The PMI numbers for April reflected the magnitude of the slowdown– for UAE, the gauge fell to 44.1 from 45.2; the non-oil private sector shrank at a record rate for the second month running. In Saudi Arabia, the index stood at 44.4, still way below the 50 mark, that separates growth from contraction.

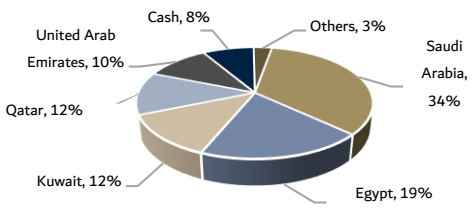
The GCC economies are gradually reopening. Dubai will allow 100% of public sector employees to return to work from their offices by Jun 14. Saudi Arabia also said it would lift the suspension as it initiates a three-phase plan to have life return to normal by Jun 21. Kuwait also announced it won't renew its 24-hour curfew.

On the year to date table, the S&P 500 in US is now down just 6%. In this context, it is interesting to note that Dubai & Egypt, are still down around 28% - among the worst performing markets globally. We see some deep value opportunities in the former, while the latter is a medium-term growth story.

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	0.6%	1.4%	-0.8%
YTD[3]	-13.3%	-18.7%	5.4%
1 Year	-10.8%	-16.3%	5.4%
3 Year	6.8%	-3.9%	10.7%
5 Year	-8.6%	-23.8%	15.2%
Since Inc.	-13.9%	-19.5%	5.6%

[1] Performance is net of fees; return is cumulative
[2] S&P Pan Arab Composite Index
[3] As of 27th May 2020

Top 5 Holdings

Holding	% of Fund
Humansoft	6.1
DP World	5.2
Mouwasat Medical Services	5.0
Al Rajhi Bank	4.4
National Bank of Kuwait	4.1

Fund Analysis

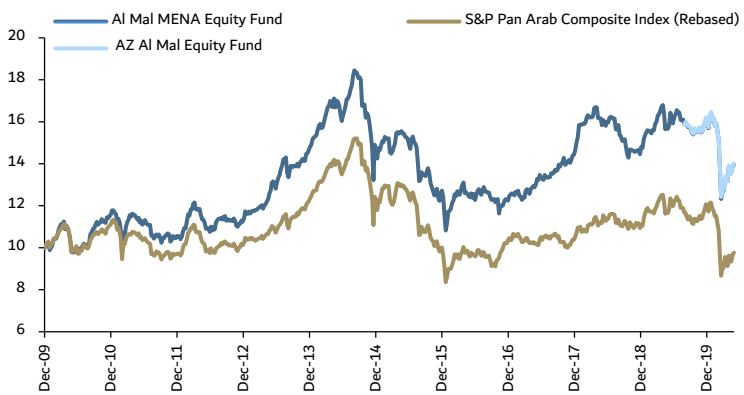
Matrix[4]	Fund	Benchmark
Standard Deviation	13.1%	14.8%
Sharpe Ratio	-0.1	-0.3
Beta	0.8	
Tracking Error	6.5%	
No. of Holdings	42	

[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% (Institutional); 1.5-2% (Retail)
Benchmark Index	S&P Pan Arab Composite
Fund Type	Open Ended
Administrator & Custodian	BNP Paribas

10Y Fund Strategy Performance



Disclaimer

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Al Mal MENA Equity Fact Sheet

May 2020

NAV Per Unit: USD 7.72

Fund Manager Commentary

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3 Year	6.7%	-3.9%	10.6%
5 Year	-8.6%	-23.8%	15.2%
Since Inc.	-13.7%	-46.3%	32.6%

[1] Performance is net of fees; 3-year and 5-year return is cumulative
[2] S&P Pan Arab Composite Index
[3] As of 27th May 2020

Top 5 Holdings

Holding	% of Fund
Humansoft Holding Co KSC	5.9
DP World PLC	5.2
Mouwasat Medical Services	5.0
Al Rajhi Bank	4.4
National Bank of Kuwait	4.1

Fund Analysis

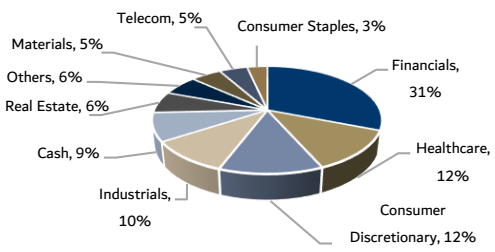
Matrix[4]	Fund	Benchmark
Standard Deviation	13.2%	14.7%
Sharpe Ratio	0.0	-0.2
Beta	0.8	
Tracking Error	6.4%	
No. of Holdings	42	

[4] Calculated using 3-year weekly data

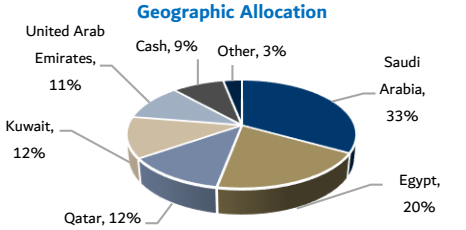
Fund Information

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

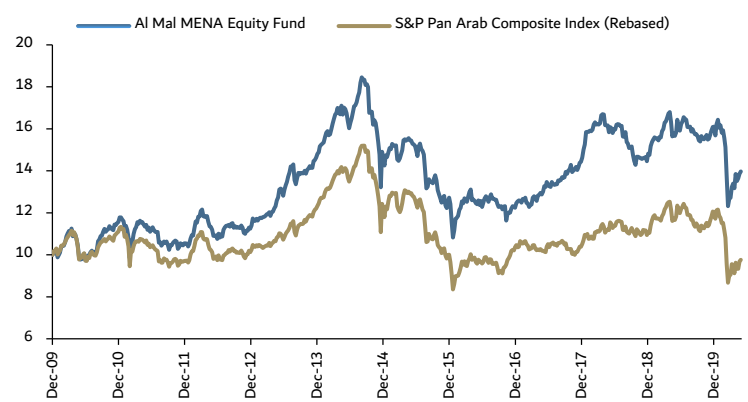
Sector Allocation



Geographic Allocation



10Y Fund Strategy Performance



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Al Mal UAE Equity Fact Sheet

May 2020

NAV Per Unit: AED 1.03

Fund Manager Commentary

The UAE unveiled a two-phase plan to reopen the country's economy - the first stage focused on the short term includes the gradual reopening of businesses, supported by stimulus plans that so far total AED282.5bn. The second-phase is designed to accelerate recovery and advance growth, with a larger focus on the digital economy and technologies such as Artificial Intelligence, 5G networks, the Internet of Things (IoT) and smart cities. The second phase of the strategy will also focus on blockchain, the 'green economy' and renewable energy, electric cars, 3d printing, biotech, genetic engineering and robotics. At the same time, representatives of Dubai's leading family-owned businesses sent a letter to the Supreme Fiscal Committee requesting a reduction in customs duties by 50% until year-end, a 50% cut in electricity, water and service bills and also proposed a reduction in VAT to 2% from 5%.

The UAE Banks are reporting their first quarter results and the trend we see include lenders setting aside precautionary provisions in anticipation of expected deterioration of asset quality. According to S&P, these banks are at risk from a spike in non-performing loans over the next 1-2 years as the economy is hit by a 'triple whammy' of a slump in oil prices, lower economic activity and low interest rates. The volume of stage 3 loans - non-performing loans that require significant write-downs - will rise to 7%-8% of system-wide loans in 2020-2021, and problematic assets will rise to about 20% of total loans. We are underweight the financial sector.

In real estate, Emaar Malls is extending relief package for its retail tenants, while Aldar has launched programs worth up to AED190mn to support residential communities, schools and retail partners. Also, the request by the UAE for the expo to be postponed to 2021 was approved by the BIE executive committee.

'You can feel the positive vibe in Dubai specifically' the statement by Accor, the operator of 5,000 hotels in 110 countries. The CEO for Middle East & Africa also revealed that hotels in the UAE have been full at a reduced capacity. The co. plans to attract visitors by focusing on technology that ensures safety, such as touchless check-in and checkout operations, as well as online menus and communication with guests via WhatsApp.

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	-1.3%	-1.7%	0.4%
YTD[3]	-13.0%	-25.2%	12.2%
1 Year	-13.0%	-22.3%	9.4%
3 Year	-12.7%	-31.4%	18.7%
5 Year	-31.4%	-19.5%	-11.9%
Since Inc.	19.7%	-57.5%	77.2%

[1] Performance is net of fees; return is cumulative
[2] S&P UAE Composite Index
[3] As of 27th May 2020

Top 3 Holdings

Holding	% of Fund
DP World	15.8
First Abu Dhabi Bank	12.3
Emirates NBD	12.1

Fund Analysis

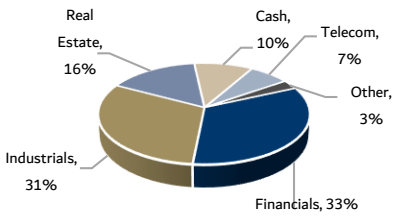
Matrix[4]	Fund	Benchmark
Standard Deviation	16.4%	22.6%
Sharpe Ratio	-0.41	-0.62
Beta	0.64	
Tracking Error	11.3%	
No. of Holdings	11	

[4] Calculated using 3-year weekly data

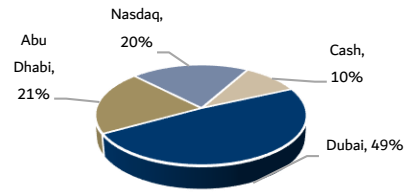
Fund Information

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

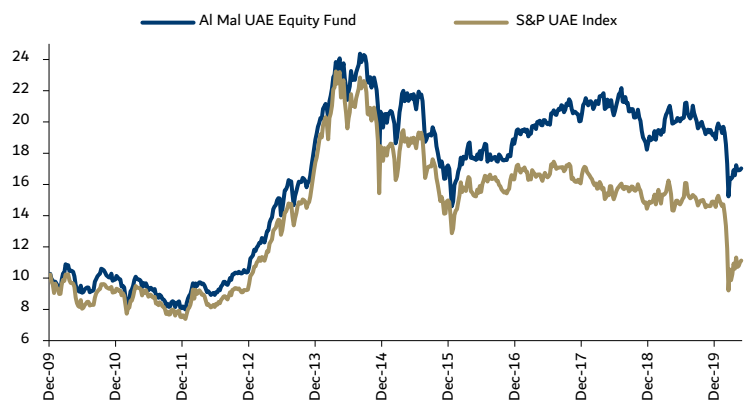
Sector Allocation



Geographic Allocation



10Y Fund Strategy Performance



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