AZ Al Mal MENA Equity Fact Sheet

October 2020

NAV Per Unit: USD 4.85

Fund Manager Commentary

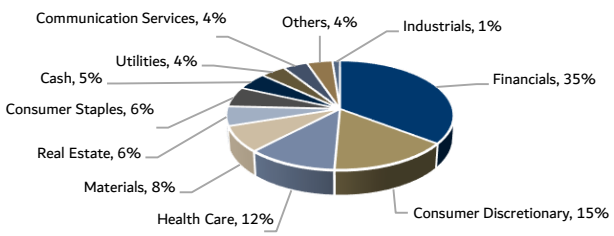
October started with news of Trump testing positive for COVID-19. Trump's diagnosis added to the laundry list of issues faced by US investors from a pandemic, an economic recovery losing steam, and a contentious election that has raised the specter of a constitutional crisis. Markets showed optimism in the beginning of the month with the resumption of stimulus talks. However, in the end the S&P 500 was down 2.7% as COVID cases started increasing exponentially, topping out at 100,000 cases at month end. Unfortunately, this wasn't only an American issue as during the month we saw most of the European countries reinstitute a lockdown due to the rising cases causing the PAN European STOXX 600 index to finish the month down 5.6%. However, the rise in cases have allowed gold to close out the month up 1.2%. Brent crude, on the other hand, had a rough end to the month dropping to USD 37.46 a barrel, its lowest level since May. The S&P Pan Arab Index down 2.2%, whilst inflows of USD 17.9 billion propelled the MSCI Emerging Markets indices 3.0%.

Saudi's budget for 2021, assumed a price of Brent crude between USD 50-55 a barrel, whilst their fiscal breakeven oil price is USD 67.5. The budgeted price was based on easing production cuts from January 2021, but Libyan barrels hitting the market with potentially weaker demand has forced Saudi and other OPEC+ producers to seriously reconsider easing production cuts. This raises some medium-term concern on the health of the economy which is reflected by the Tadawul All Share Index dropping 2.12%. At a micro level there were positive developments for our Saudi holdings. Portfolio holdings, NCB and Samba, announced details of their merger last month. The merger will create the largest bank in the Kingdom and the Gulf region's third largest lender by assets. Lastly, portfolio holding BinDawood made its debut on the Tadawul Main Market, seeing its shares jump 10% hitting its daily limits. We think this is a fundamentally strong business, poised to benefit both in the current economic environment and in the longer-term post COVID normal.

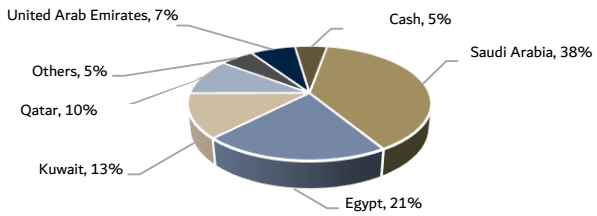
At a macro level, Egypt has recovered the best relative to other MENA countries. Between the months of March and September, business activity in Egypt grew at its fastest pace in almost six years. Additionally, confirmed COVID cases in Egypt have fallen since their peak in June. Though the macroeconomic picture looks encouraging, the EGX 30 finished the month down 4.31% due to some negative news from Commercial International Bank (CIB). CIB received a letter from the Central Bank of Egypt discharging chairman Hisham Ezz Al Arab. A leaked letter from the CBE mentioned "serious violations of the Central Bank's laws" and weak corporate governance that has resulted in huge financial losses. CBE later confirmed that CIB was prudentially sound, and depositors' funds were fully secure, and with the appointment of a new CIB chairman, the bank should be able to address "regulatory compliance and governance concerns". This was concerning news for investors as CIB's management is considered as one of the most trusted in Egypt, and until further clarity is given by CBE on this issue, we foresee the Egyptian index will face some pressure.

Finally moving to Kuwait, last month we witnessed the unfortunate passing of His Highness Sheikh Sabah Al-Jaber Al-Sabah. The emir was succeeded by Nawaf Al-Ahmad Al-Jaber Al-Sabah, 83, a half brother who has served as interior minister and deputy chief of the national guard. We believe the Kuwaiti Index will remain dull moving forward as investors gear up for the MSCI confirmation on 10th November. It is hard to have an outlook on the medium term flows post-MSCI confirmation, based on a rather negative macroeconomic outlook fueled by their demographic restructuring policy, COVID-19 and low oil prices. However, with elections fast approaching, the debt law will be a key piece of legislation that will affect how the country can respond to a rather bleak outlook. The passing of the debt law could help solve the liquidity crisis the country faces, by opening international debt markets. Nonetheless, we believe this to be a political issue that will get more clarity in the near- future.

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	-2.4%	-0.9%	-1.5%
YTD[3]	-2.4%	-8.8%	6.5%
1 Year	0.4%	-3.9%	4.3%
3 Year	12.9%	9.0%	3.9%
5 Year	24.1%	6.2%	17.9%
Since Inc.	-3.1%	-9.7%	6.6%

[1] Performance is net of fees; return is cumulative
[2] S&P Pan Arab Composite Index
[3] As of 28th October 2020

Top 5 Holdings

Holding	% of Fund
Humansoft	5.6
Al Rajhi Bank	4.6
MM Group for Industry & International Trade	4.1
Mouwasat Medical Services	4.1
Qatar Electricity and Water	4.1

Fund Analysis

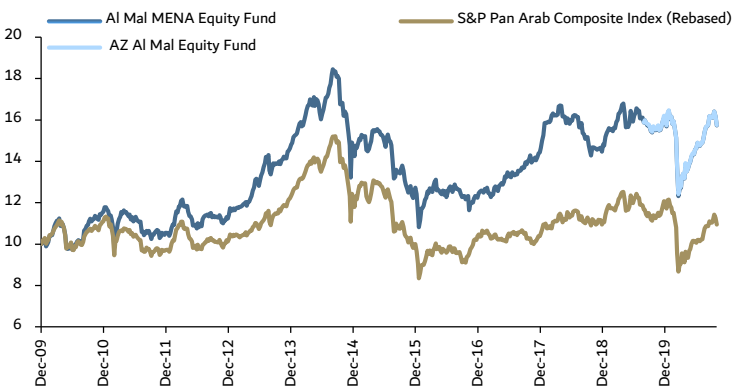
Matrix[4]	Fund	Benchmark
Standard Deviation	13.3%	15.0%
Sharpe Ratio	0.24	0.0
Beta	0.8	
Tracking Error	6.2%	
No. of Holdings	50	

[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

October 2020

NAV Per Unit: USD 8.27

Fund Manager Commentary

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Saudi's budget for 2021, assumed a price of Brent crude between USD 50-55 a barrel, whilst their fiscal breakeven oil price is USD 67.5. The budgeted price was based on easing production cuts from January 2021, but Libyan barrels hitting the market with potentially weaker demand has forced Saudi and other OPEC+ producers to seriously reconsider easing production cuts. This raises some medium-term concern on the health of the economy which is reflected by the Tadawul All Share Index dropping 2.12%. At a micro level there were positive developments for our Saudi holdings. Portfolio holdings, NCB and Samba, announced details of their merger last month. The merger will create the largest bank in the Kingdom and the Gulf region's third largest lender by assets. Lastly, portfolio holding BinDawood made its debut on the Tadawul Main Market, seeing its shares jump 10% hitting its daily limits. We think this is a fundamentally strong business, poised to benefit both in the current economic environment and in the longer-term post COVID normal.

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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	-2.5%	-0.9%	-1.6%
YTD[3]	-3.3%	-8.8%	5.6%
1 Year	-0.5%	-3.9%	3.4%
3 Year	11.7%	9.0%	2.7%
5 Year	22.8%	6.2%	16.6%
Since Inc.	-3.7%	-39.8%	36.0%

[1] Performance is net of fees; 3-year and 5-year return is cumulative
[2] S&P Pan Arab Composite Index
[3] As of 28th October 2020

Top 5 Holdings

Holding	% of Fund
Humansoft	5.7
Al Rajhi Bank	4.6
Qatar Electricity and Water	4.3
MM Group for Industry & International Trade	4.3
Mouwasat Medical Services	4.1

Fund Analysis

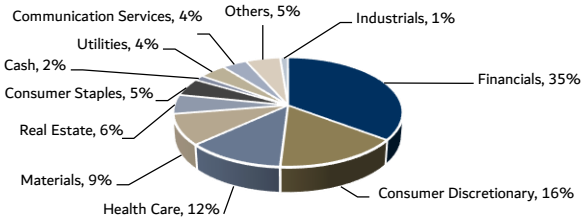
Matrix[4]	Fund	Benchmark
Standard Deviation	13.5%	14.9%
Sharpe Ratio	0.2	0.1
Beta	0.8	
Tracking Error	6.0%	
No. of Holdings	50	

[4] Calculated using 3-year weekly data

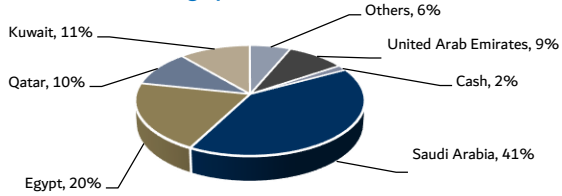
Fund Information

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

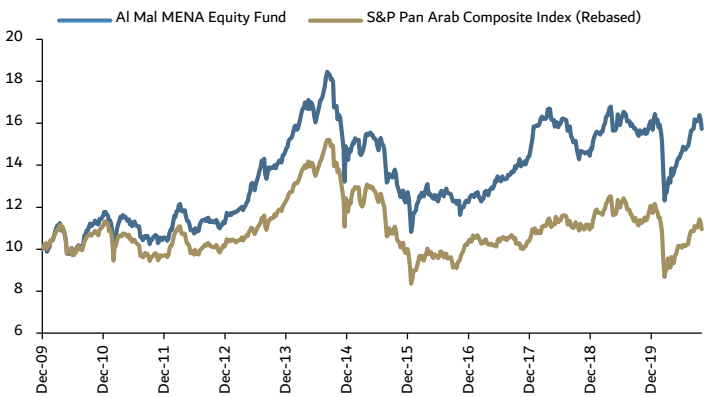
Sector Allocation



Geographic Allocation



10Y Fund Strategy Performance



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Al Mal UAE Equity Fact Sheet

October 2020

NAV Per Unit: AED 1.08

Fund Manager Commentary

October saw the Dubai Financial Markets General Index close the month 3.8% lower, whilst the Abu Dhabi Securities Market General Index closed 3.1% higher. The difference in performance can partly be explained by rising COVID cases in the UAE, which have had a relatively larger impact on Dubai's tourism dependent economy. However, the Dubai government has reacted proactively to the challenges faced by the economy, as they have not only announced further stimulus measures but also amendments to bankruptcy legislation to protect debtors.

Under the directives of the Prime Minister of the UAE, Dubai also announced an AED500 million economic stimulus package to support various business sectors across the economy. This package is targeted to shore up SMEs, through a set of rent reductions and fee exemptions.

On another positive note, last month Abu Dhabi rolled out the long anticipated FDI license that allows foreign investors to hold 100 per cent ownership of their businesses within the emirate. This is a forward-looking initiative for not only Abu Dhabi but also the other emirates that we expect will follow. According to Mohammed Ali Al Shorafa, Chairman of Abu Dhabi Department of Economic Development, "This license will expand the base of foreign investment, increase the emirate's exports of goods and services and diversifies local production". From a capital markets point of view, this helps enhance the local investment environment which we expect will lead to higher foreign flows.

Moving from the Macro to Micro, our portfolio holding Tabreed stood out amongst peers DFM appreciating 33.2% this month. It successfully managed to raise USD 500 million with a 7-year, 2.5% coupon bond issuance. With orders coming from around 140 high quality local and international investors, the issuance was oversubscribed almost 5 times its initial size of USD 400 million, demonstrating strong investor confidence in Tabreed's balance sheet and performance, despite current global economic uncertainty. The proceeds from the debt issuance will be put towards the acquisition of certain district cooling assets in Abu Dhabi and for general corporate purposes.

The performance in Abu Dhabi equities can be partly attributed to the stellar performance from another portfolio holding Aldar Properties which appreciated 36.3% over the month. Aldar's performance is on the back of their announcement of the management and development of government capital projects in Abu Dhabi worth 30 billion dirhams under an agreement with holding company ADQ (formerly Abu Dhabi Developmental Holding Company PJSC). The management team has shown the ability to deliver on government projects in the past, and we believe if the MOU is finalized the firm can continue delivering stellar performance.

Finally, Portfolio holding, Agthia Group, announced their Q3 results with a net loss of AED 32.4 mn. The pressure on the bottomline was led by one off impairments and provisions for doubtful debts. On the topline, Agthia experienced a 5% decline in their bottled water volumes, due to the hit on tourism and its subsequent impact on the food service channel.. However they have retained market leadership position in this segment. Their topline performance was driven by the 21% y-o-y growth in their feed business, which is attributed to improved export sales, wheat trading and expanded retail penetration. We believe the management team is taking the right steps with their restructuring efforts and the current bottomline performance is not indicative of the value that can be generated in a post-Covid world.

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	1.7%	0.2%	1.5%
YTD[3]	-4.3%	-18.6%	14.4%
1 Year	-8.3%	-19.2%	10.9%
3 Year	-10.5%	-29.5%	19.0%
5 Year	5.8%	-24.3%	30.1%
Since Inc.	31.7%	-53.8%	85.5%

[1] Performance is net of fees; return is cumulative
[2] S&P UAE Composite Index
[3] As of 28th October 2020

Top 3 Holdings

Holding	% of Fund
First Abu Dhabi Bank	20.0
Tabreed	15.2
Emirates NBD	13.4

Fund Analysis

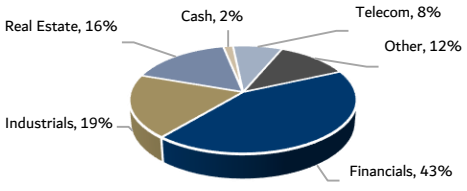
Matrix[4]	Fund	Benchmark
Standard Deviation	16.8%	22.9%
Sharpe Ratio	-0.35	-0.58
Beta	0.65	
No. of Holdings	11	

[4] Calculated using 3-year weekly data

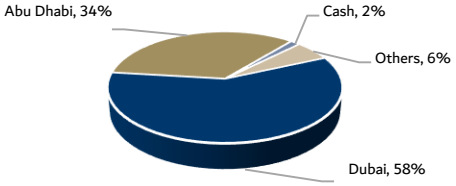
Fund Information

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

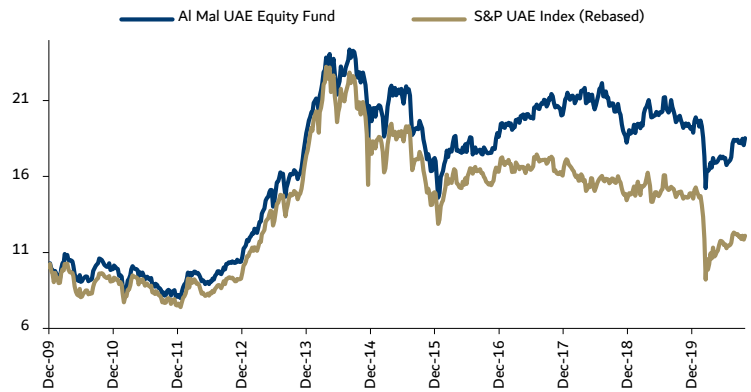
Sector Allocation



Geographic Allocation



10Y Fund Strategy Performance



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