AZ Al Mal MENA Equity Fact Sheet

August 2020

NAV Per Unit: USD 4.83

Fund Manager Commentary

August saw the S&P 500 climb over 7% posting its best August result since 1986 closing record highs seven times in the month. August 27th however, saw Apple lose 180bn of market cap, the biggest single day loss for a company ever. The VIX surged 25% to a nearly two month high as investors unraveled mixed economic data towards the end of August. Gold had a volatile month ending but ended August down 0.2% as investors backed the dollar despite recent Fed policy that hardly backs such endearment. The S&P Pan Arab Index led the MXEF returning 6% and 2.2% respectively, aided by a strong crude performance, alongside the majority of the countries advantaged with the dollar peg.

The Tadawul led the way up 6.5% for the month, bolstered by a strong showing by Aramco, up close to 9% over the same period. Alongside strong crude gains, the firm also saw a significant weight increase within the MSCI rebal allowing for increased foreign inflows. Saudi began the month slashing crude exports to America but more recently, reduced prices for their upcoming October exports as demand is seeing signs of weakness. Portfolio holding Mouwasat rallied 12.8% in August, after the company reported a strong set of 2Q20 numbers. The company's earnings rose 28% y-o-y reaching SAR 116m as revenues improved on the back of new subspecialties while the government's SANED package, helped lower costs for the firm. Portfolio holding Khaleej also reported 2Q20 profits, reporting a net income of SAR 4.7mn vs a 3.6mn loss over the same period, in 2019. The firm gathered 32% over August and remains a favorite of ours as we see it being a beneficiary of the government's move towards privatizing of education.

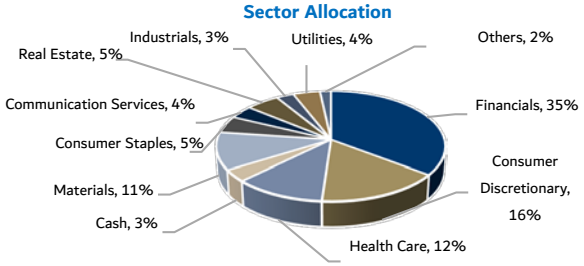
Pan-Arab diplomacy brought the biggest headline coming out of MENA as UAE and Israel signed the Abraham Accord earlier in the month. The UAE became just the 3rd Arab state to recognize Israel with the agreement set to suspend plans for further annexation of Palestinian territories in the West Bank.

Egypt posted a strong showing for August, the EGX 30 gaining over 7% during the period. Earlier in August, the nation signed a maritime deal with Greece in an effort to counter the Libya-Turkey deal. The agreement means the two nations now form an exclusive economic zone giving them the right to drill oil and gas. Furthermore, August also saw Egypt's foreign reserves reach new highs after March's dip, while PMI numbers came in at 49.4, slightly short of the one year high of 49.6 reported in July. Tourism also saw a resurgence as the country saw an increasing inflow of tourists with demand rising to its quickest pace in three years after reopening tourist sights such as Red Sea resorts in Hurghada and Sharm El-Sheikh. Portfolio Holding MM Group rose by 8.5% this August, after the company stated their e-payments subsidiaries Bee & Masary could IPO early next year. The firm recently merged the two, the combined company is set to act as the corporation's fintech investment arm.

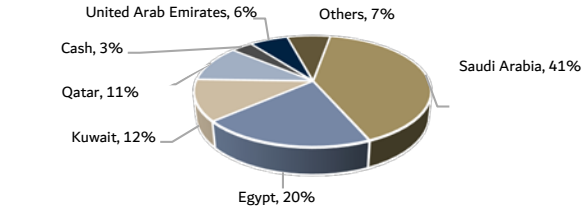
Kuwait's liquidity crisis saw the nation struggle to pay government employees this August as the nation is reportedly set to run out of cash come November with international lenders seemingly their only respite. The nation's expat exodus in an effort to nationalize has further compounded problems for the domestic economy. The National Assembly's HR panel warned that the plan could have compounding effects on real estate and private education, resulting in increased apartment vacancies alongside the private education's heavy dependency on expat teachers.

Finally, Qatar announced new labor-market reforms as it looked to quell criticism surrounding the nation's treatment of migrant workers leading of the 2022 football world cup. The rules enact a universal minimum wage, alongside allowing workers to take on new jobs without having the consent of their current employers. The announcement makes Qatar the first country in the Gulf to introduce a permanent, minimum wage for expat workers.

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	5.3%	6.4%	-1.1%
YTD[3]	-3.0%	-9.5%	6.5%
1 Year	-3.0%	-8.5%	5.5%
3 Year	15.4%	2.6%	12.8%
5 Year	15.1%	-1.2%	16.3%
Since Inc.	-3.6%	-10.3%	6.7%

[1] Performance is net of fees; return is cumulative
[2] S&P Pan Arab Composite Index
[3] As of 26th August 2020

Top 5 Holdings

Holding	% of Fund
Humansoft	5.0
Al Rajhi Bank	4.6
Qatar Electricity and Water	4.2
Centamin	4.2
Mouwasat Medical Services	4.0

Fund Analysis

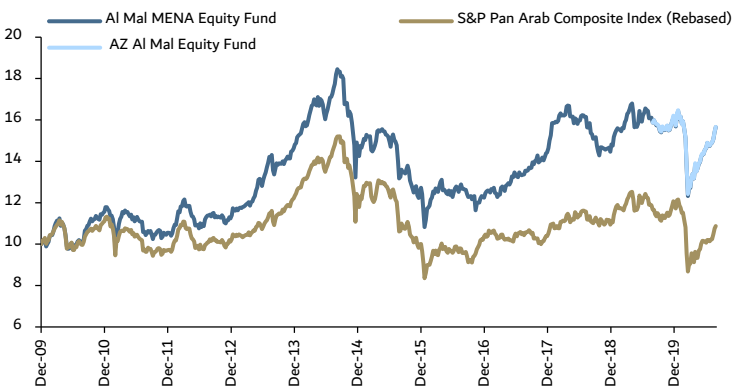
Matrix[4]	Fund	Benchmark
Standard Deviation	13.3%	14.9%
Sharpe Ratio	0.30	0.0
Beta	0.8	
Tracking Error	6.4%	
No. of Holdings	46	

[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 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

August 2020

NAV Per Unit: USD 8.62

Fund Manager Commentary

August saw the S&P 500 climb over 7% posting its best August result since 1986 closing record highs seven times in the month. August 27th however, saw Apple lose 180bn of market cap, the biggest single day loss for a company ever. The VIX surged 25% to a nearly two month high as investors unraveled mixed economic data towards the end of August. Gold had a volatile month ending but ended August down 0.2% as investors backed the dollar despite recent Fed policy that hardly backs such endearment. The S&P MENA Index led the MXEF returning 6% and 2.2% respectively, aided by a strong crude performance, alongside the majority of the countries advantaged with the dollar peg.

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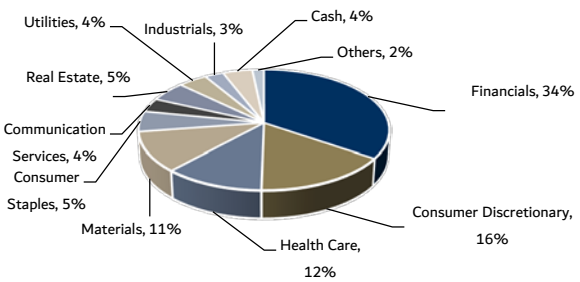
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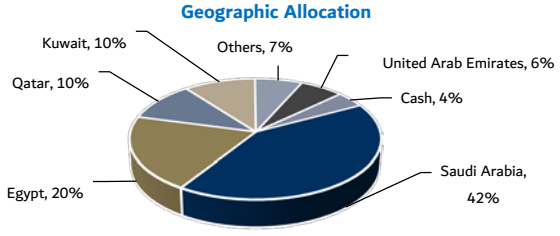
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Sector Allocation



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	5.5%	6.4%	-0.9%
YTD[3]	-3.5%	-9.5%	6.0%
1 Year	-3.5%	-8.5%	5.0%
3 Year	14.6%	2.6%	12.0%
5 Year	14.4%	-1.2%	15.5%
Since Inc.	-3.9%	-40.2%	36.3%

[1] Performance is net of fees; 3-year and 5-year return is cumulative
[2] S&P Pan Arab Composite Index
[3] As of 26th August 2020

Top 5 Holdings

Holding	% of Fund
Humansoft Holding Co	5.0
Al Rajhi Bank	4.6
Qatar Electricity & Water	4.2
Centamin	4.1
Mouwasat Medical Services	4.0

Fund Analysis

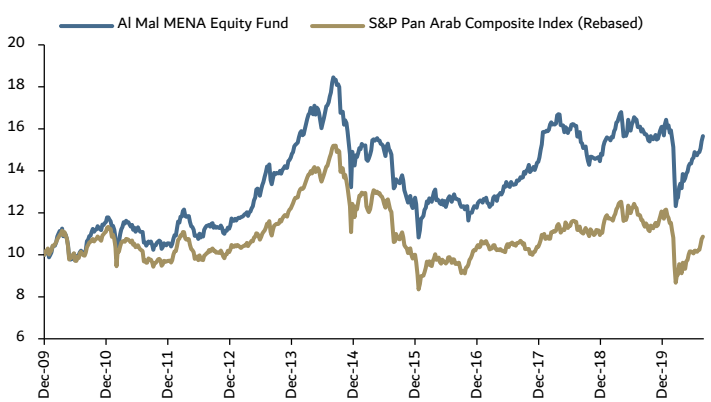
Matrix[4]	Fund	Benchmark
Standard Deviation	13.3%	14.8%
Sharpe Ratio	0.3	0.0
Beta	0.8	
Tracking Error	6.3%	
No. of Holdings	46	

[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 16 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

10Y Fund Strategy Performance



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Al Mal UAE Equity Fact Sheet

August 2020

NAV Per Unit: AED 1.12

Fund Manager Commentary

August was a stellar month for UAE markets, the DFM up 9.5% alongside the ADX up 5% over the period. Arguably the biggest headline coming out of the nation was the Abraham Accord early August. The landmark peace agreement came to be after a conference call between US President Trump, Israeli Prime Minister Netanyahu and the UAE's Deputy Supreme Commander of the Armed Forces, Sheikh Mohammad bin Zayed Al Nahyan. Under the newly inked agreement, the UAE became just the 3rd Arab state to recognize Israel, and as part of the deal the Jewish state has agreed to suspend plans to further annex Palestinian territories in the West Bank and work towards normalization of relations with other Arab states. Additionally, the accord also allows for travel between the UAE and Israel, trade agreements in the areas of technology and goods, as well as cooperation in food security and climate change. UAE and Israel's bilateral cooperation took another step forward after Sheikh Khalifa abolished the Israeli Boycott law, allowing individuals and companies in the UAE to enter agreements with Israeli firms. Earlier in the week, the two nations agreed to enhance bilateral cooperation in the health sectors, in areas of pharmaceuticals, medical research and COVID-19. Discussions also began between Bank Leumi and ENBD according to Bloomberg, albeit at a relatively early stage, with Shmulik Arbel, head of Leumi's corporate division stating the Tel-Aviv based lender is in cooperation negotiations with a leading bank in Dubai.

Abu Dhabi also returned to the dollar bond market through a three-part offering. The capital raised USD2bn in three-year bonds at 65bps over US Treasuries, USD1.5bn in 10.5 year notes at 105bps over the same benchmark and the final USD 1.5bn over a 50year tranche at 2.7%. Late August also saw Dubai begin to market a two-part dollar bond offering set at an initial price guidance of about 250 bps over the mid-swap rate for a 10-year sukuk coupled with a 4.375 % for a 30-year conventional note according to Bloomberg. The prospectus that accompanied Dubai's bond offering showed the government's outstanding debt stood at AED 123.5 bn, 28% of last year's GDP.

August also saw UAE launch a 5-year retirement visa for retirees over 55 years old. The conditions in order to attain the visa range from having a monthly income of AED 20,000 or a property in Dubai worth AED 2m. The move is expected to attract wealthy retirees to boost the countries trade and tourism sectors in a region reliant on oil. The move is a shift from the UAE's traditional previous stance on residency, one that was rooted on expats being employed within the country.

Seemingly direct benefactors of the news, Emaar Properties rose 2.2% on the news and finished August up 12% overall. Emaar alongside Aldar both reported results in August. Over the first half of 2020 Emaar generated a profit of AED 2bn, down 35% over the same period last year, COVID-19 impacting business especially within the lease and hospitality segments. The malls arm of the company reported rental income lower by 45% y-o-y as the company provided rent relief for most tenants of the mall, while Namshi, its e-commerce arm, helped soften the blow to the company's topline. The development arm of the company saw a double whammy of sorts, with sales activity and new project launches both being impacted by COVID 19 with revenue down 22.8% y-o-y. Emaar's Abu Dhabi counterpart Aldar, reported revenues up 21% y-o-y, displaying resilient occupancies across their investment properties (roughly 88%).

In other news ENBD is eyeing another acquisition in Egypt, hoping to take over Blom Bank's Egypt outpost. The subsidiary operates 39 branches in Egypt and reported a 2019 net profit of almost a billion EGP. The bank also began talks with Israeli Bank Leumi as mentioned before, a combination of aforementioned upside risks allowing the stock to rally over 22% in August. Trouble still loomed for airline carriers however as state airlines, Emirates and Etihad, asked employees to take on more voluntary unpaid leave, as the duo are still trying to cushion the impact of COVID19.

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	9.7%	7.5%	2.2%
YTD[3]	-4.9%	-17.3%	12.4%
1 Year	-6.4%	-18.6%	12.2%
3 Year	-9.2%	-28.0%	18.8%
5 Year	0.5%	-26.6%	27.0%
Since Inc.	30.9%	-53.0%	83.9%

[1] Performance is net of fees; return is cumulative
[2] S&P UAE Composite Index
[3] As of 26th August 2020

Top 3 Holdings

Holding	% of Fund
First Abu Dhabi Bank	19.4
Emirates NBD	16.9
Tabreed	12.7

Fund Analysis

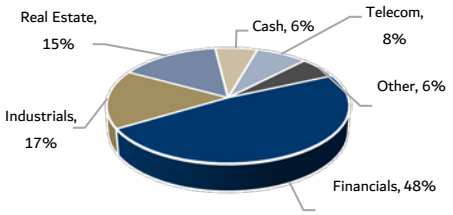
Matrix[4]	Fund	Benchmark
Standard Deviation	16.8%	22.8%
Sharpe Ratio	-0.33	-0.56
Beta	0.64	
No. of Holdings	10	

[4] Calculated using 3-year weekly data

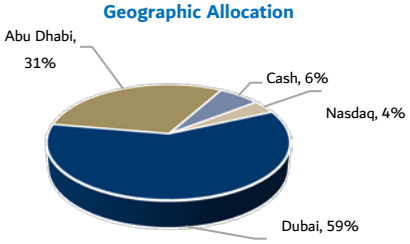
Fund Information

Fund Manager	Sherif1 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

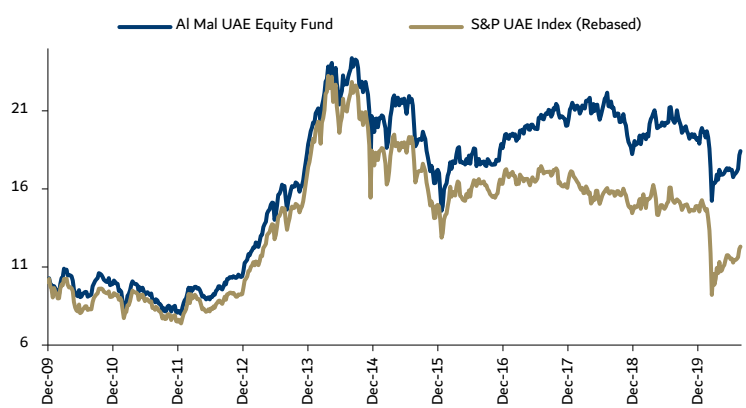
Sector Allocation



Geographic Allocation



10Y Fund Strategy Performance



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