AZ Al Mal MENA Equity Fact Sheet

March 2021

NAV Per Unit: USD 5.67

Fund Manager Commentary

US markets had a strong March with the S&P 500 up 2.4%, the DOW up 3.7% as the Federal Reserve remained dovish on interest rates and President Joe Biden signed the USD 1.9 tn coronavirus relief package. Europe's STOXX 600 also had a strong month rallying 2.4% over the week, as stimulus and vaccination programs spurred hope. Both gold and brent crude closed out the month flat, but saw a lot of volatility through the month as yields and OPEC+ were the dictating themes. The MSCI EM Index had one of its biggest monthly declines in a year, down 4.0%, on signs that the U.S. economy would rebound quicker than other developed markets. The S&P Pan Arab market was the pick of the emerging markets, closing out the month up 3.17% on stable oil prices and demand recovery.

In the UAE, H.H. Sheikh Mohammed announced the Dubai 2040 Urban Master plan which aims to make Dubai the world's best city to live in. The plan focuses on doubling areas dedicated to economic and recreational activities, while surging the population from 3.3 million to 5.8 million over the next 20 years, which should have a positive effect on economic and real estate activity.

Saudi Arabia's government approved the Private Sector Participation Law, providing the legal infrastructure to help increase private participation in the provision of public services to citizens. Mouwasat, one of our top holdings and key private healthcare player, reported its FY20 earnings showing net income of SAR528mn, up 25% y/y thanks to new specialty departments and bed capacity. We continue to like the name on sustainably high RoE generation, growth via bed additions, and undemanding valuations.

The EGX 30 witnessed a strong sell off during March with the index down 8.5% over the period. The sell-off came as a result of margin calls for retail driven stocks, squeezing liquidity out of the broader EGX 70, especially in speculative names. The CBE kept interest rates on hold, as broad economic indicators point towards a gradual recovery, while surging food prices and rising global interest rates suggest little room for additional cuts in the near-term. MTI, one of our core holdings, reported a 20% y/y drop in their FY 20 earnings, in line with our expectations. We note a strong rebound in the business' performance in Q4, whereby consumer electronics (69% of revenues) was up 20% y/y alone. We remain constructive on the business's core segments, along with their ability to unlock value from their e-payment arms in the near-term.

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%	6.7%	-4.2%
YTD[3]	9.2%	10.4%	-1.2%
1 Year	45.7%	44.6%	1.1%
3 Year	14.1%	17.0%	-2.9%
5 Year	46.9%	37.1%	9.8%
Since Inc.	14.0%	7.5%	6.5%

[1] Performance is net of fees; return is cumulative
[2] S&P Pan Arab Composite Index
[3] As of 31ST March, 2021

Top 5 Holdings

Holding	% of Fund
Al Rajhi Bank	5.3
Mouwasat Medical Services	5.0
National Commercial Bank	4.7
Saudi Basic Industries Corp	3.6
Humansoft Holding	3.5

Fund Analysis

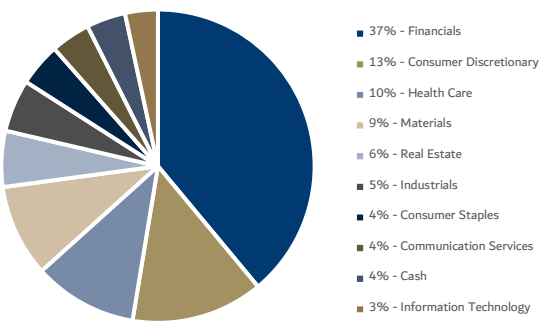
Matrix[4]	Fund	Benchmark
Standard Deviation	13.4%	15.2%
Sharpe Ratio	0.21	0.0
Beta	0.8	
Tracking Error	5.4%	
No. of Holdings	52	

[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

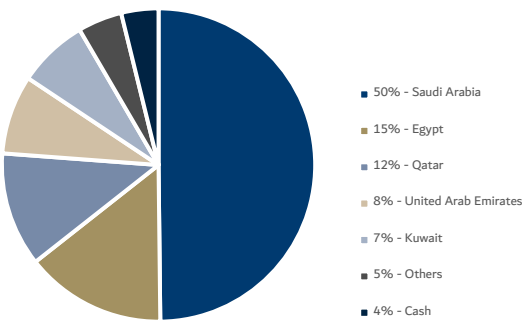
Fund Information

Investment Manager	Azimut (DIFC) Limited
Investment Advisers	Al Mal Capital PJSC
Fund Manager	Sherif El Haddad
Inception Date	June 26, 2019
Fund Size	USD 62 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

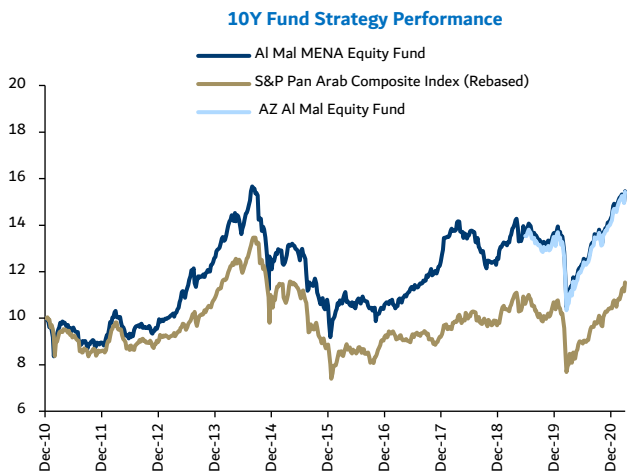
Sector Allocation



Geographic Allocation



10Y Fund Strategy Performance



Disclaimer

None of the information and opinions contained herein is intended to form the basis for any investment or trading decision, and no specific recommendations are intended. The products and transactions described herein are not suitable for every investor. Such products and transactions are only suitable for sophisticated and knowledgeable professional users of financial instruments, and are structured and customized to the needs and objectives of each investor. The information and opinions contained herein have been prepared for informational purposes only and do not constitute an offer to sell, or solicitation of an offer to purchase, any security, any commodity futures contractor commodity-related product, any derivative product, or any trading strategy or service described herein.

Neither Al Mal Capital PSC nor any of its affiliates, directors, authorized managers and/or employees accepts liability for any loss arising from the use of or makes any representation as to the accuracy or completeness of the terms and conditions of products and transactions described herein. Finalized terms and conditions are subject to further discussion and negotiation, and will be determined in part on the basis of pricing and valuation models, data, and assumptions that are proprietary to Al Mal Capital and its affiliates. No assurance can be given that a product or transaction can, in fact, be executed on any representative terms indicated herein.

Al Mal MENA Equity Fact Sheet

March 2021

NAV Per Unit: USD 9.67

Fund Manager Commentary

US markets had a strong March with the S&P 500 up 2.4%, the DOW up 3.7% as the Federal Reserve remained dovish on interest rates and President Joe Biden signed the USD 1.9 tn coronavirus relief package. Europe's STOXX 600 also had a strong month rallying 2.4% over the week, as stimulus and vaccination programs spurred hope. Both gold and brent crude closed out the month flat, but saw a lot of volatility through the month as yields and OPEC+ were the dictating themes. The MSCI EM Index had one of its biggest monthly declines in a year, down 4.0%, on signs that the U.S. economy would rebound quicker than other developed markets. The S&P Pan Arab market was the pick of the emerging markets, closing out the month up 3.17% on stable oil prices and demand recovery.

In the UAE, H.H. Sheikh Mohammed announced the Dubai 2040 Urban Master plan which aims to make Dubai the world's best city to live in. The plan focuses on doubling areas dedicated to economic and recreational activities, while surging the population from 3.3 million to 5.8 million over the next 20 years, which should have a positive effect on economic and real estate activity.

Saudi Arabia's government approved the Private Sector Participation Law, providing the legal infrastructure to help increase private participation in the provision of public services to citizens. Mouwasat, one of our top holdings and key private healthcare player, reported its FY20 earnings showing net income of SAR528mn, up 25% y/y thanks to new specialty departments and bed capacity. We continue to like the name on sustainably high RoE generation, growth via bed additions, and undemanding valuations.

The EGX 30 witnessed a strong sell off during March with the index down 8.5% over the period. The sell-off came as a result of margin calls for retail driven stocks, squeezing liquidity out of the broader EGX 70, especially in speculative names. The CBE kept interest rates on hold, as broad economic indicators point towards a gradual recovery, while surging food prices and rising global interest rates suggest little room for additional cuts in the near-term. MTI, one of our core holdings, reported a 20% y/y drop in their FY 20 earnings, in line with our expectations. We note a strong rebound in the business' performance in Q4, whereby consumer electronics (69% of revenues) was up 20% y/y alone. We remain constructive on the business's core segments, along with their ability to unlock value from their e-payment arms in the near-term.

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	1.8%	6.7%	-4.9%
YTD[3]	8.0%	10.4%	-2.4%
1 Year	43.7%	44.6%	-0.8%
3 Year	12.2%	17.0%	-4.8%
5 Year	44.4%	37.1%	7.4%
Since Inc.	12.5%	-28.3%	40.8%

[1] Performance is net of fees; 3-year and 5-year return is cumulative
[2] S&P Pan Arab Composite Index
[3] As of 31ST March, 2021

Top 5 Holdings

Holding	% of Fund
Al Rajhi Bank	5.5
Mouwasat Medical Services	5.3
Saudi Basic Industries Corp	3.7
Humansoft Holding	3.7
National Commercial Bank	3.7

Fund Analysis

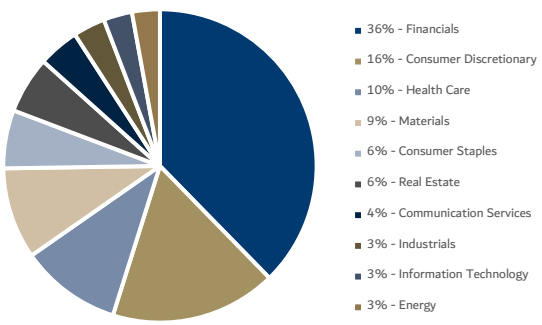
Matrix[4]	Fund	Benchmark
Standard Deviation	13.5%	15.2%
Sharpe Ratio	0.2	0.3
Beta	0.8	
Tracking Error	5.3%	
Dividend Yield 2020	4.0%	
No. of Holdings	53	

[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

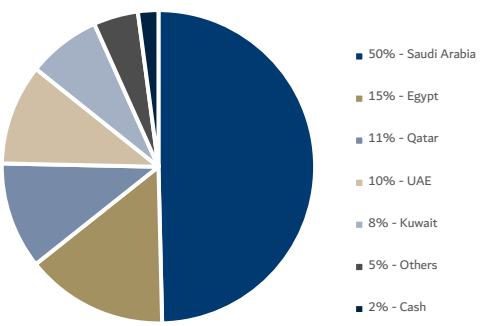
Fund Information

Fund Manager	Sherif El Haddad
Inception Date	15th June 2008
Fund Size	USD 28 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

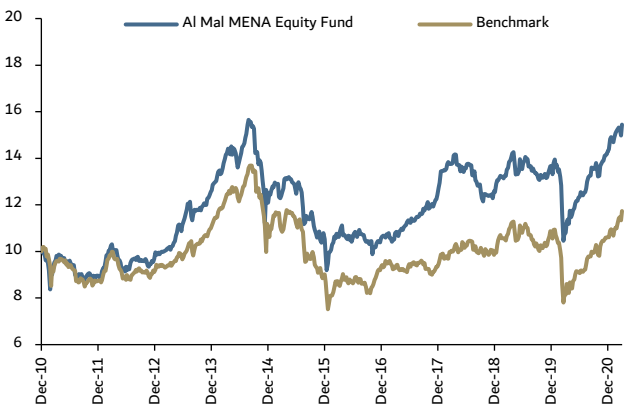
Sector Allocation



Geographic Allocation



10Y Fund Strategy Performance



Disclaimer

None of the information and opinions contained herein is intended to form the basis for any investment or trading decision, and no specific recommendations are intended. The products and transactions described herein are not suitable for every investor. Such products and transactions are only suitable for sophisticated and knowledgeable professional users of financial instruments, and are structured and customized to the needs and objectives of each investor. The information and opinions contained herein have been prepared for informational purposes only and do not constitute an offer to sell, or solicitation of an offer to purchase, any security, any commodity futures contractor commodity-related product, any derivative product, or any trading strategy or service described herein.

Neither Al Mal Capital PSC nor any of its affiliates, directors, authorized managers and/or employees accepts liability for any loss arising from the use of or makes any representation as to the accuracy or completeness of the terms and conditions of products and transactions described herein. Finalized terms and conditions are subject to further discussion and negotiation, and will be determined in part on the basis of pricing and valuation models, data, and assumptions that are proprietary to Al Mal Capital and its affiliates. No assurance can be given that a product or transaction can, in fact, be executed on any representative terms indicated herein.

Al Mal UAE Equity Fact Sheet

March 2021

NAV Per Unit: AED 1.37

Fund Manager Commentary

As a whole, UAE had a strong March, led by Abu Dhabi with the ADSMI up 5.0% and followed by Dubai's DFMGI up 1.7%. Abu Dhabi's performance was largely driven by index heavyweight Etisalat. During the month, Etisalat's Annual General Meeting (AGM) approved a record total dividend per share for the year 2020 of AED 1.20 and approved 49% ownership of non-UAE nationals of the company.

At a macro level, The UAE Central Bank projects real GDP to recover to positive growth of 2.5% in 2021, with non-oil GDP growing by 3.6% while oil GDP remaining flat, based on the OPEC+ production schedule and announcements. Earlier this month, H.H. Sheikh Mohammed announced the Dubai 2040 Urban Master plan with aims to make Dubai the world's best city to live in. The plan focuses on doubling areas dedicated to economic and recreational activities. The plan sets out that the Emirate's population will surge from 3.3 million to 5.8 million in the next 20 years, which should have a positive effect on economic and real estate activity.

In Dubai, Dubai Entertainments, a portfolio holding, officially approved the transfer of $1.13 bn debt to Meraas Leisure and Entertainment. A filing made to the Dubai Financial Market will see DXB Entertainments convert its debt with Emirates NBD into ordinary shares, which have been valued at AED 1 each in the share capital of the company at a conversion rate of AED 0.08 per share.

In Abu Dhabi, portfolio holding Aldar Properties announced a AED500mn redevelopment plan for Yas Mall to reinforce the asset's position as the centerpiece of Yas Island. The redevelopment will repurpose 40% of its gross leasable area to high impact experiential retail, F&B, and co-working office spaces. Lastly, Aldar announced that it is set to distribute cash dividends worth AED1.14bn, which is equivalent to 14.5% of the company's capital for the financial year 2020. Portfolio heavyweight, Tabreed, said it has obtained shareholder approval to issue non-convertible bonds worth up to USD 1bn over the next 12 months, either through non-convertible bonds or Islamic sukuk issues. These proceeds will be used to fund acquisition and/or for general corporate purposes.

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	3.4%	2.8%	0.6%
YTD[3]	11.3%	10.5%	0.8%
1 Year	45.2%	42.9%	2.3%
3 Year	13.8%	-4.2%	18.1%
5 Year	36.2%	-3.8%	40.1%
Since Inc.	66.4%	-42.4%	108.7%

[1] Performance is net of fees; return is cumulative
[2] S&P UAE Composite Index
[3] As of 31ST March, 2021

Top 3 Holdings

Holding	% of Fund
First Abu Dhabi Bank	20.4
Tabreed	13.9
Emirates NBD	11.7

Fund Analysis

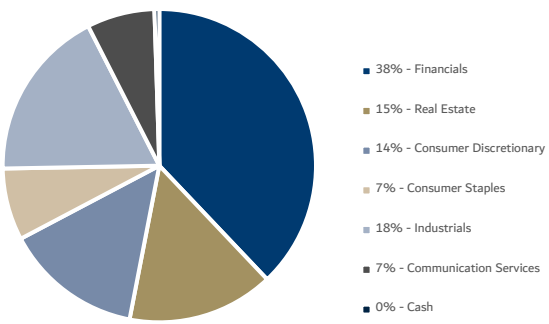
Matrix[4]	Fund	Benchmark
Standard Deviation	17.5%	23.4%
Sharpe Ratio	0.1	-0.2
Beta	0.7	
Dividend Yield 2020	4.5%	
No. of Holdings	15	

[4] Calculated using 3-year weekly data

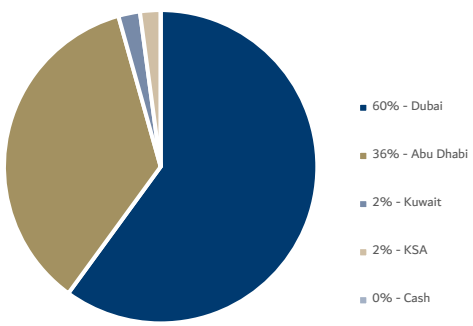
Fund Information

Fund Manager	Sherif El Haddad
Fund Size	AED 50 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

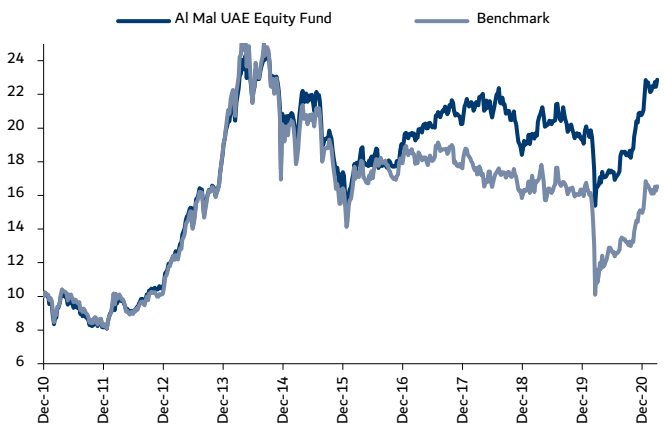
Sector Allocation



Geographic Allocation



10Y Fund Strategy Performance



Disclaimer

None of the information and opinions contained herein is intended to form the basis for any investment or trading decision, and no specific recommendations are intended. The products and transactions described herein are not suitable for every investor. Such products and transactions are only suitable for sophisticated and knowledgeable professional users of financial instruments, and are structured and customized to the needs and objectives of each investor. The information and opinions contained herein have been prepared for informational purposes only and do not constitute an offer to sell, or solicitation of an offer to purchase, any security, any commodity futures contractor commodity-related product, any derivative product, or any trading strategy or service described herein.

Neither Al Mal Capital PSC nor any of its affiliates, directors, authorized managers and/or employees accepts liability for any loss arising from the use of or makes any representation as to the accuracy or completeness of the terms and conditions of products and transactions described herein. Finalized terms and conditions are subject to further discussion and negotiation, and will be determined in part on the basis of pricing and valuation models, data, and assumptions that are proprietary to Al Mal Capital and its affiliates. No assurance can be given that a product or transaction can, in fact, be executed on any representative terms indicated herein.