AZ Al Mal MENA Equity Fact Sheet

February 2022

NAV Per Unit: USD 7.28

Fund Manager Commentary

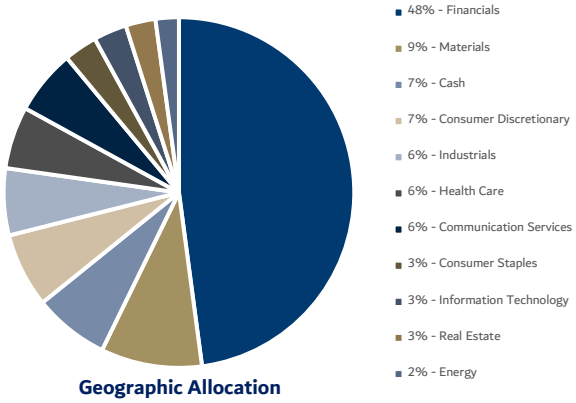
February was the month of volatility, as we saw numerous themes driving global markets. However, we largely saw investors take risk off at the end of the month due to the escalation of the Russia - Ukraine crisis. European markets, in particular, began pricing in higher risk premiums after Putin's recognition of the independence of two nations in the Donbas region. From a commodities perspective, we saw Germany freeze plans to approve the Nordstream 2 pipeline which has reinforced the political nature of the project. We expect Russian commodities to trade at discounts to global markets, as investors remain uncertain about the nature and extent of the sanctions. This is a very fluid situation that we are monitoring closely, which is reinforcing our broader bullish thesis on commodities over the medium term.

Al Rajhi Bank (portfolio holding), the retail powerhouse in Saudi banking, announced a strong set of Q4 2021 results. Loan growth for the year came in at 43%, of which 8% emanated from sequential growth in Q4. Nearly 55% of loan growth was driven by mortgages. In addition, Rajhi managed to retain 63% market share in new loan originations in Q4. NIMs however had a c.15bp q/q decrease in NII/Assets, on the contraction of asset yields (c.10bps) and increase in cost of funding (c.5bps). The contraction was driven by lower rates and competition. On the asset quality side, COR for the year came in at 60 bps, whilst the NPL ratio was broadly flat sequentially at 0.65%. Non-interest income picked up considerably with a 10% q/q and 30% y/y increase. Lastly, full year cost to income came in at 26.9%, better than the 28% guidance from management.

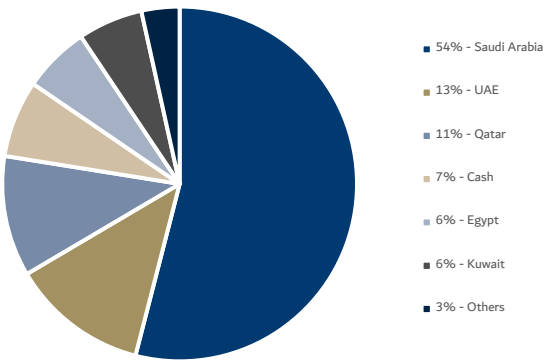
A lot of macroeconomic news from Egypt to digest, with the CBE maintaining rates on hold, raising GDP forecasts, planning to reduce debt to GDP and list more public assets on the exchanges. The CBE kept rates on hold citing "muted inflationary pressure in December and a stable unemployment rate". Egypt revised GDP growth forecasts upwards to 6% or more from 5.6%, in while indicating a target debt to GDP below 90% by June 2022 and below 85% over the medium-term. Lastly, the cabinet indicated a desire to target more listings of state-run companies on the EGX, including a number of the Country's Armed Forces-affiliated companies during 2022.

In Qatar, Industries Qatar (another Portfolio holding) reported a slightly disappointing set of numbers, with shutdowns in its PE facilities overshadowing supportive urea prices. Revenues were largely impacted by the fertiliser side of the business, as we saw a 17% pullback in urea volumes. Management attributed this to "commercial and logistical factors". On the cost side, EBITDA margins improved, thanks to positive operating leverage. JV income however disappointed, falling 55% y/y on facility shutdowns.

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	1.7%	2.4%	-0.7%
YTD[3]	7.2%	8.6%	-1.4%
1 Year	30.8%	34.5%	-3.7%
3 Year	51.9%	39.9%	12.0%
5 Year	85.8%	54.2%	31.6%
Since Inc.	45.5%	35.5%	10.0%

[1] Performance is net of fees; return is cumulative
[2] S&P Pan Arab Composite Index
[3] As of 23rd February 2022

Top 5 Holdings

Holding	% of Fund
Al Rajhi Bank	9.9
Saudi National Bank	7.0
Mouwasat Medical Services	5.8
United Electronics	4.0
Qatar National Bank	3.5

Fund Analysis

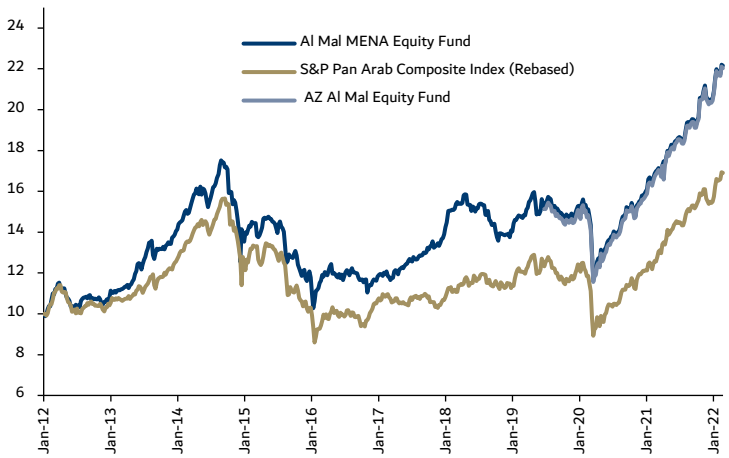
Matrix[4]	Fund	Benchmark
Standard Deviation	13.3%	15.1%
Tracking Error	5.3%	
Beta	0.8	
No. of Holdings	42	

[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
Fund Advisor	Sherif El Haddad
Inception Date	June 26, 2019
Fund Size	USD 94 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



Disclaimer

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Al Mal MENA Equity Fact Sheet

February 2022

NAV Per Unit: USD 11.89

Fund Manager Commentary

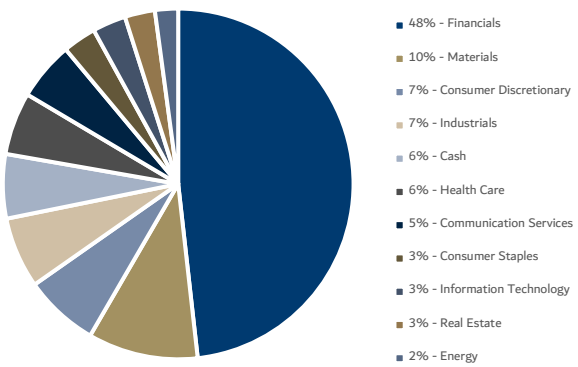
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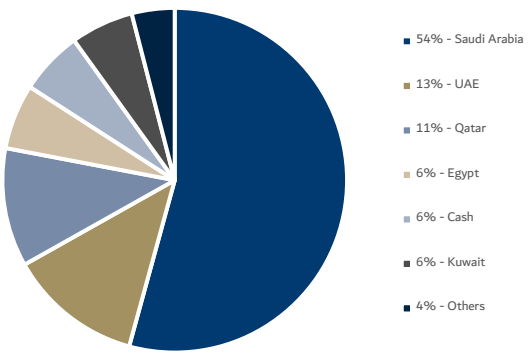
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Sector Allocation



Geographic Allocation



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Fund Performance

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1 Month	1.9%	2.4%	-0.5%
YTD[3]	7.3%	8.6%	-1.3%
1 Year	31.3%	34.2%	-2.9%
3 Year	50.4%	39.0%	11.4%
5 Year	84.4%	55.9%	28.5%
Since Inc.	44.2%	-9.6%	53.8%

[1] Performance is net of fees; 3-year and 5-year return is cumulative
[2] S&P Pan Arab Composite Index
[3] As of 23rd February 2022

Top 5 Holdings

Holding	% of Fund
Al Rajhi Bank	9.9
Saudi National Bank	7.0
Mouwasat Medical Services	5.8
United Electronics	4.0
Qatar National Bank	3.5

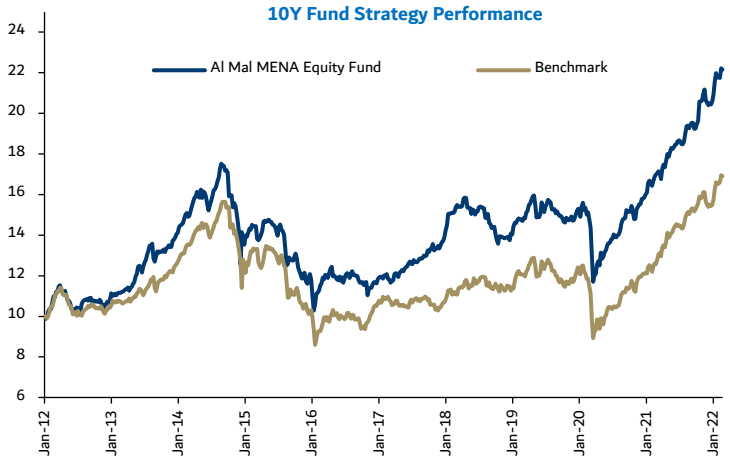
Fund Analysis

Matrix[4]	Fund	Benchmark
Standard Deviation	13.2%	14.8%
Tracking Error	5.1%	
Beta	0.8	
Dividend Yield 2021	4.0%	
No. of Holdings	43	

Fund Information

Fund Manager	Sherif El Haddad
Inception Date	15th June 2008
Fund Size	USD 30 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

February 2022

NAV Per Unit: AED 1.62

Fund Manager Commentary

In February, UAE introduced a 9% federal corporate tax on income exceeding c.USD 100k to be implemented on or after 1 June 2023. The official introduction of tax has removed much of the uncertainty surrounding it. Naturally, in the short term, tax will have an impact on company earnings, but is overall positive for the UAE's fiscal position at the federal level, while unlikely impacting the overall attractiveness of the country as a business hub. UAE's introduced corporate tax rate is still under regional peers KSA (20% for foreigners), Oman (15% on all businesses) and Qatar (10% on foreigners), leaving it in a good competitive position.

Dubai announced two key initiatives over the last month, with the first aiming to cut carbon emissions by 30% by 2030 and the second to attract 50 multi-national companies to set up in Dubai. In Abu Dhabi, Abu Dhabi Ports Group successfully raised USD 1.1bn from its stake sale to help the company focus on growth initiatives. The company already has a solid FCF generation profile, while aiming to capitalise on growth avenues in the region. Portfolio holding, Dana Gas reported solid Q4 2021 numbers, on the back of improved collection rates and higher prices. On an operational level, the company continues to be focused on its KM 250 expansion in KRI. However, its operations in Egypt seem to be showing the field's maturity and declining nature, as production has fallen from 29k boe/d to 26k boe/d.

On a more micro level, we saw Alphadhabi announce intentions to inorganically grow through acquisition in KSA and Egypt. We are beginning to see Egypt, as a prime target for UAE businesses, as the comparably cheaper valuations are opening up a real opportunity for UAE companies to get access to the solid fundamentals of the country at reasonable prices. This was evidenced by FAB's acquisition of Audi Bank Egypt, and their offer for EFG Hermes.

Portfolio holding, Air Arabia posted its highest ever quarterly earnings at AED 467mn on ease of travel restrictions, higher demand and elevated yields. Full year net income came in at AED 720 mn (Air Arabia's second highest earnings ever after 2019), further supported by income from JVs and associates and sustained cost control measures initially adopted through the pandemic. Revenue for the year increased c.71% y/y, driven by a 54% y/y increase to 6.8mn passengers across all five hubs. Yields remain elevated on lower operations, with passenger traffic recovering strongly as restrictions are eased. We remain constructive on the company's earnings trajectory as passenger numbers should outpace the normalisation of exceptionally high yields. In addition, Air Arabia is one of the few airlines that has successfully hedged oil at c.USD 60/barrel, providing more comfort with regards to margins.

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	3.3%	5.2%	-1.9%
YTD[3]	4.8%	6.4%	-1.6%
1 Year	27.2%	38.9%	-11.7%
3 Year	52.4%	29.6%	22.8%
5 Year	51.3%	15.7%	35.6%
Since Inc.	104.7%	-24.4%	129.1%

[1] Performance is net of fees; return is cumulative
[2] S&P UAE Domestic 10% Capped Index
[3] As of 23rd February 2022

Top 3 Holdings

Holding	% of Fund
Dubai Islamic Bank	10.1
Abu Dhabi Commercial Bank	9.6
Emirates NBD	9.3

Fund Analysis

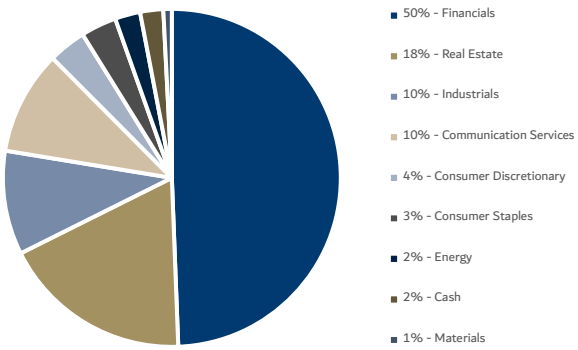
Matrix[4]	Fund	Benchmark
Standard Deviation	16.7%	23.3%
Tracking Error	11.3%	
Beta	0.6	
Dividend Yield 2021	4.0%	
No. of Holdings	21	

[4] Calculated using 3-year weekly data

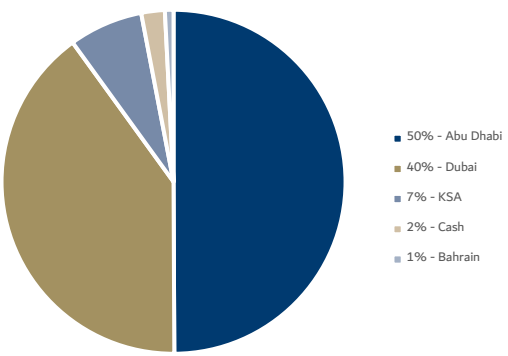
Fund Information

Fund Manager	Sherif El Haddad
Fund Size	AED 62 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 Domestic 10% Capped Index
Fund Type	Open Ended
Administrator & Custodian	Standard Chartered

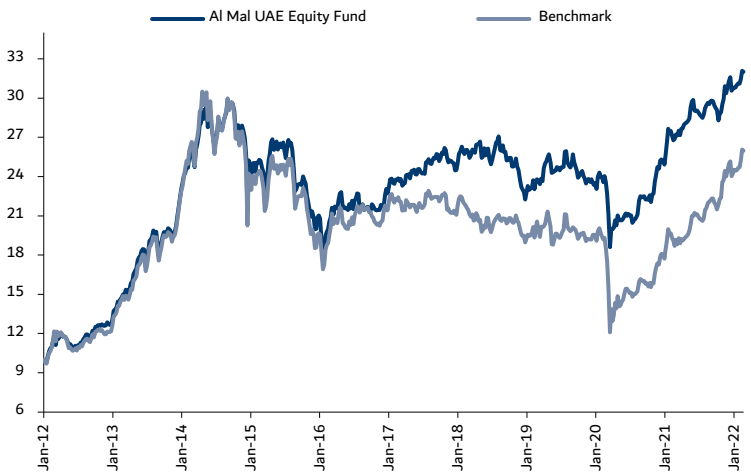
Sector Allocation



Geographic Allocation



10Y Fund Strategy Performance



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