AZ Al Mal MENA Equity Fact Sheet

August 2022

NAV Per Unit: USD 7.21

Fund Manager Commentary

The GCC markets performed positively, buoyed by oil prices while pricing in a Fed pivot by 2023. However, the markets began to lose steam towards the end of the month after the Fed's exceptionally hawkish speech at Jackson Hole, after which the Fed fund futures rose strongly for the next three years. We accordingly position our portfolio in KSA/UAE banks.

Similarly, the S&P 500 and Nasdaq retreated to close lower by the end of the month, as the Fed warned against premature easing despite potentially softening inflation data. The labor market showed mixed signals as the number of Americans filing new unemployment benefit claims rallied for the second week in a row earlier this August, however wage growth continues to edge higher.

Joe Biden's administration approved a measure to reduce inflation, which also addresses the climate crisis, lowering health care costs, and raising taxes on large corporations. Nevertheless, Biden's economic reputation has been overwhelmingly defined by rising inflation; as his first major bill, the USD 1.9 trillion American Rescue Plan aimed to alleviate the recessionary effects onset by the pandemic, in fact amplified economic demand leading to the fastest price increases in America in decades with the annual inflation rate for the United States at 8.5%; the most since November 1981 according to the U.S. Labor Department data.

In Saudi, portfolio Holding STC confirmed the landing of Saudi Vision Cable, its new subsea cable system, in its first landing station in Jeddah, Saudi Arabia. The cable is 1,160km in length and is fully owned by STC; it is hailed as the first high-capacity cable in the Red Sea that will deliver up to 18Tbps per fibre pair, with a total of 16 fibre pairs and four landing points in Jeddah, Yanbu, Duba, and Haql. The cable will provide digital connectivity services for corporates and individuals.

Portfolio Holding Tanmiah Food reported 2Q22 KPIs, with earnings up 9x y/y to SAR30.2m from higher revenues. Revenues increased 45% y/y to SAR531m, driven by growth across fresh poultry. Future projections are underpinned by the Kingdom's efforts to encourage local producers to drastically increase production as the Saudi Vision 2030 goal aims to lower import dependency by having 80% of domestic consumption come from local production by 2025. All P&L metrics improved, with gross margins expanding to 25.2% y/y, and EBIT up 4x y/y.

We continue to expect volatility in the markets, and remain extremely selective, preferring companies with robust earnings growth. We also retain a high cash exposure for the time being to take advantage of the volatility 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	2.4%	2.0%	0.4%
YTD[3]	6.2%	4.8%	1.4%
1 Year	13.1%	7.5%	5.6%
3 Year	45.2%	33.1%	12.1%
5 Year	73.1%	50.0%	23.1%
Since Inc.	44.2%	30.8%	13.4%

[1] Performance is net of fees; return is cumulative
[2] S&P Pan Arab Composite Index
[3] As of 31st August 2022

Top 5 Holdings

Holding	% of Fund
Saudi National Bank	8.1
Al Rajhi Bank	4.5
Saudi Telecom Company	3.6
Qatar National Bank	3.5
Saudi British Bank	3.5

Fund Analysis

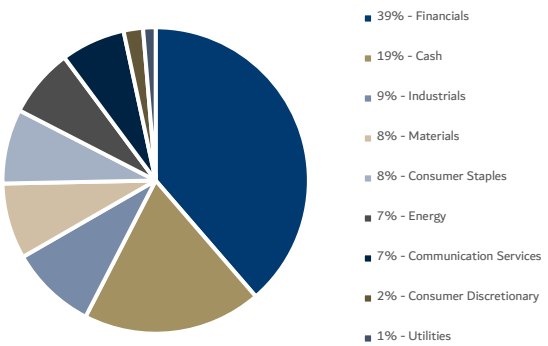
Matrix[4]	Fund	Benchmark
Standard Deviation	14.0%	15.7%
Tracking Error	5.5%	
Beta	0.8	
No. of Holdings	37	

[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

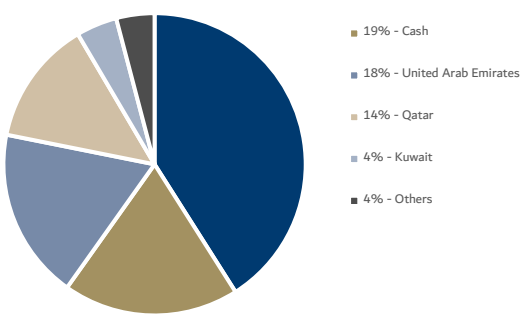
Fund Information

Investment Manager	Azimut (DIFC) Limited
Investment Advisers	Al Mal Capital PJSC
Fund Advisor	Faisal Hasan, CFA
Inception Date	June 26, 2019
Fund Size	USD 69 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

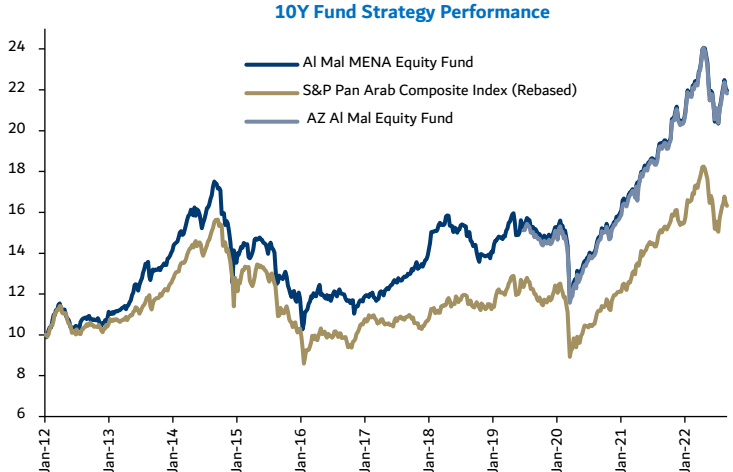
Sector Allocation



Geographic Allocation



10Y Fund Strategy Performance



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Al Mal MENA Equity Fact Sheet

August 2022

NAV Per Unit: USD 11.79

Fund Manager Commentary

The GCC markets performed positively, buoyed by oil prices while pricing in a Fed pivot by 2023. However, the markets began to lose steam towards the end of the month after the Fed's exceptionally hawkish speech at Jackson Hole, after which the Fed fund futures rose strongly for the next three years. We accordingly position our portfolio in KSA/UAE banks.

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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	2.6%	2.0%	0.6%
YTD[3]	6.4%	4.8%	1.6%
1 Year	13.2%	7.8%	5.4%
3 Year	40.6%	29.6%	11.0%
5 Year	73.3%	50.6%	22.7%
Since Inc.	42.9%	-12.8%	55.7%

[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 August 2022

Top 5 Holdings

Holding	% of Fund
Saudi National Bank	8.1
Al Rajhi Bank	4.5
Saudi Telecom Company	3.6
Qatar National Bank	3.5
Saudi British Bank	3.5

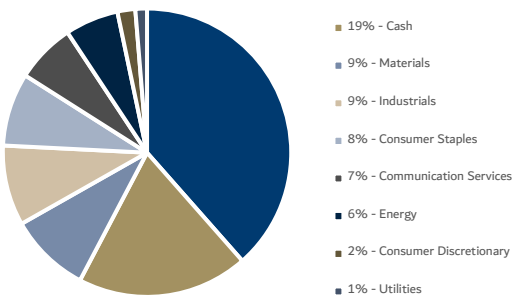
Fund Analysis

Matrix[4]	Fund	Benchmark
Standard Deviation	13.8%	15.4%
Tracking Error	5.2%	
Beta	0.8	
Dividend Yield 2021	4.0%	
No. of Holdings	36	

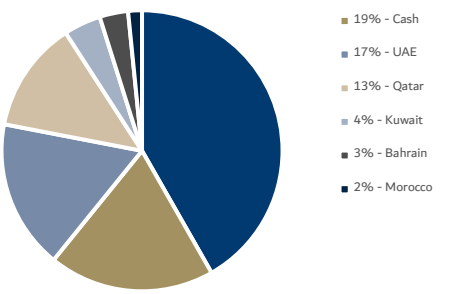
Fund Information

Fund Manager	Faisal Hasan, CFA
Inception Date	15th June 2008
Fund Size	USD 26 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

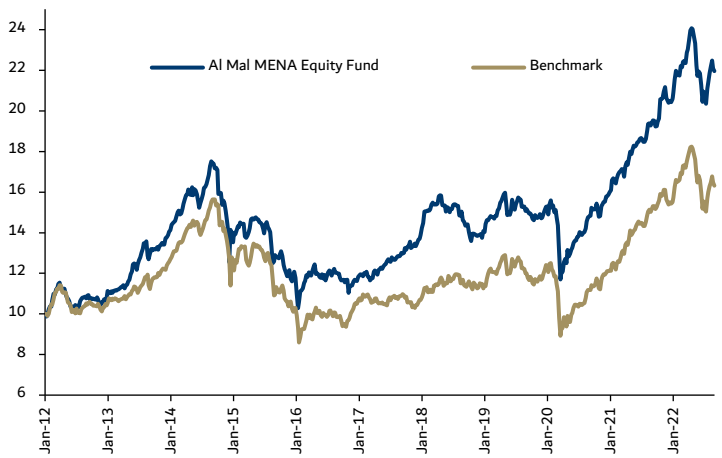
Sector Allocation



Geographic Allocation



10Y Fund Strategy Performance



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Al Mal UAE Equity Fact Sheet

August 2022

NAV Per Unit: AED 1.69

Fund Manager Commentary

The DFM General Index fell by 5.4% in the month of June but then vehemently rebounded in July rising by 4.25% only to stabilize in the month of August at an increase of 1.95%. During the first week of August, the index experienced a consistent fall in performance only to steady itself by the end of the month.

The FTSE ADX index returned to growth during both July and August after witnessing a decline in June. The index registered a similar performance to the DFM General index with June performance slipping by 5.26% only to increase in July and August by 3.41% and 1.90%, respectively.

UAE's federal revenues grew by 39% y/y to AED 123.8bn in Q1 2022, and spending rose by 20% to AED 87.4bn leading to a 129% surge in net operating balance to AED 36.4bn. Tax revenues grew by 51% to AED 56.7bn in Q1 but accounted for only 45.8% of total revenues. The United Arab Emirates' federal government aims to increase spending by AED 1.2bn in the 2022 budget according to the Federal National Council. The UAE estimates revenues will be AED 374.9m higher. The increased spending will come from the federal government's general reserves, the council added.

Portfolio Holding Al Yah Satellite Communications (Yahsat) is bullish on strong revenue growth in its commercial data and satellite telecoms business, as the Abu Dhabi company prepares to launch its next satellite in 2023 and expand into new markets. Mr. Al Ali is also the chief executive of Thuraya, the mobile satellite telecoms arm of Yahsat, which it acquired from Etisalat in 2018. Yahsat raised its projected 2022 revenue 1.3% at the end of 1H22 to at least AED1.54bn from the earlier guidance of AED1.52bn, keeping the upper end unchanged at AED1.62bn

Amazon announced the launch of its second investment in the Middle East. Businesses of all kinds will have greater choice for running their applications and serving end users from data centres located in the United Arab Emirates. The investment also supports nearly 6,000 jobs annually so far. These jobs will be part of the AWS supply chain in the UAE, including construction, facility maintenance, engineering, telecommunications, and jobs within the country's broader economy. The construction and operation of AWS infrastructure in the UAE is also estimated to add an estimated USD11bn to UAE's GDP over the next 15 years.

We continue to expect volatility in the markets, and remain extremely selective, preferring companies with robust earnings growth. We maintain decent exposure to the Financials sector in light of future rate hikes amidst a hawkish Fed. We also retain a high cash exposure for the time being to take advantage of the volatility in the near-term.

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	0.8%	2.2%	-1.4%
YTD[3]	9.5%	6.9%	2.6%
1 Year	19.2%	18.1%	1.1%
3 Year	52.9%	31.5%	21.4%
5 Year	49.5%	16.4%	33.1%
Since Inc.	113.8%	-24.1%	137.9%

[1] Performance is net of fees; return is cumulative
[2] S&P UAE Domestic 10% Capped Index
[3] As of 31st August 2022

Top 3 Holdings

Holding	% of Fund
Dubai Islamic Bank	9.3
First Abu Dhabi Bank	8.3
Emirates NBD	7.8

Fund Analysis

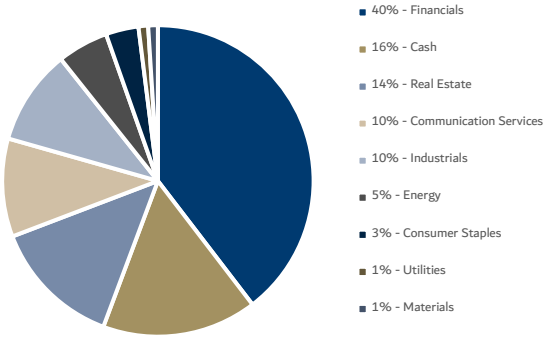
Matrix[4]	Fund	Benchmark
Standard Deviation	16.9%	23.6%
Tracking Error	10.7%	
Beta	0.7	
Dividend Yield 2021	4.0%	
No. of Holdings	20	

[4] Calculated using 3-year weekly data

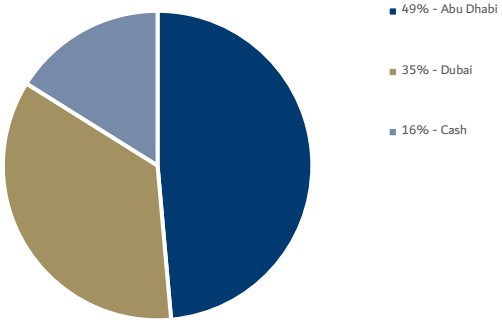
Fund Information

Fund Manager	Faisal Hasan, CFA
Fund Size	AED 60 million
Domicile	UAE
Currency	AED
Subscription & Redemption	Weekly
Min Subscription	AED 40,000
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

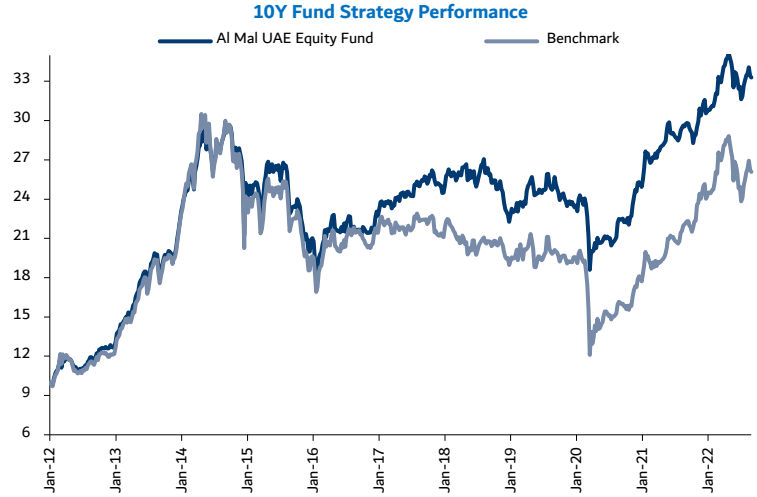
Sector Allocation



Geographic Allocation



10Y Fund Strategy Performance



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