AZ Al Mal MENA Equity Fact Sheet

March 2023

NAV Per Unit: USD 7.16

Fund Manager Commentary

The first quarter of 2023 has been turbulent, with Credit Suisse, the Swiss banking giant, being the latest victim. The US has already experienced two of its biggest bank collapses. The global central banks now face the challenge of dealing with both high inflation, impending recession, and issues within the banking sector. Credit conditions in the US are expected to tighten, and the Fed's 25bp rate hike in March serves to remind markets of their determination to bring inflation back to target while acknowledging the risks posed by the banking system. GCC central banks again largely followed the Fed in raising their benchmark interest rates, given their currency pegs to the USD.

The international market continued to witness volatility and selling pressure as the S&P 500 index registered a decline of 1% in March-2023 but remained YTD positive with growth of 5.9% at the end of first quarter. The tech-heavy NASDAQ has shown a strong growth of 16% in 1Q-2023. We believe that markets are likely to remain depressed as the inflation continues to be sticky, and the central banks must look at the inflation/recession dilemma along with the new aim to maintain global financial stability.

The GCC markets saw mixed trends in March-2023. However, Saudi Arabia was the best performing GCC market during the month with a gain of 4.8% but ADX reported the biggest decline in the GCC with the benchmark down by 4.2% in Mar-2023 followed by Qatar and Kuwait with declines of 3.4% and 2.7%, respectively. DFM led the markets in terms of YTD gains, up 2.1% at the end of 1Q-2023. The rest of the GCC markets saw declines with Abu Dhabi reporting the biggest decline of 7.6% on YTD basis.

Our major holding Saudi National Bank has been impacted by the CS developments and the bank said that following the announcement of a merger between Credit Suisse and UBS the capital impact is 35bps to SNB's CAR and nil impact on profitability. SNB further said that the valuation of SNB's investment in Credit Suisse would have no impact on SNB's growth plans and guidance for 2023.

The fund remains well diversified with 31 names with financials accounting for 25% of the fund. The top-5 holdings constitute 26% of the fund. Despite the volatility seen in the first quarter the fund registered a YTD growth of 6.0% in 1Q-2023 as compared to index underperformance of -2.3% in the same period, registering an outperformance (alpha) of 8.3% in 1Q-2023. In the month of March, the fund registered a growth of 4.1% as compared to -0.8% decline seen in the benchmark. We are currently a bit risk averse, and our cash allocation is 10%. However, we will be looking at the first quarter results and based on the results and guidance we will be looking to churn the portfolio.

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	4.1%	-0.8%	4.9%
YTD[3]	6.0%	-2.3%	8.3%
1 Year	-5.0%	-20.2%	15.2%
3 Year	83.0%	50.7%	32.3%
5 Year	43.3%	21.9%	21.4%
Since Inc.	43.2%	12.0%	31.2%

[1] Performance is net of fees; return is cumulative
[2] S&P Pan Arab Composite Index
[3] As of 29th March 2023

Top 5 Holdings

Holding	% of Fund
Adnoc Drilling Company	6.1
Saudi Telecom Company	5.4
Al Rajhi Bank	5.2
Saudi National Bank	5.1
Qatar Gas Transport	3.8

Fund Analysis

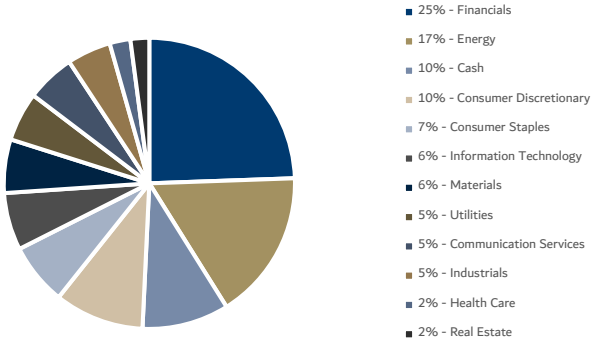
Matrix[4]	Fund	Benchmark
Standard Deviation	11.3%	13.4%
Tracking Error	5.8%	
Beta	0.8	
No. of Holdings	31	

[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

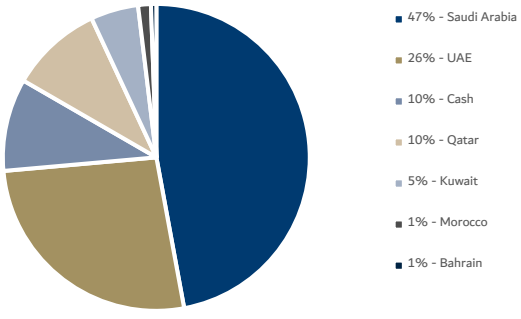
Fund Information

Investment Manager	Azimut (DIFC) Limited
Investment Advisers	Al Mal Capital PJSC
Fund Advisor	Faisal Hasan, CFA
Inception Date	June 26, 2019
Fund Size	USD 67 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

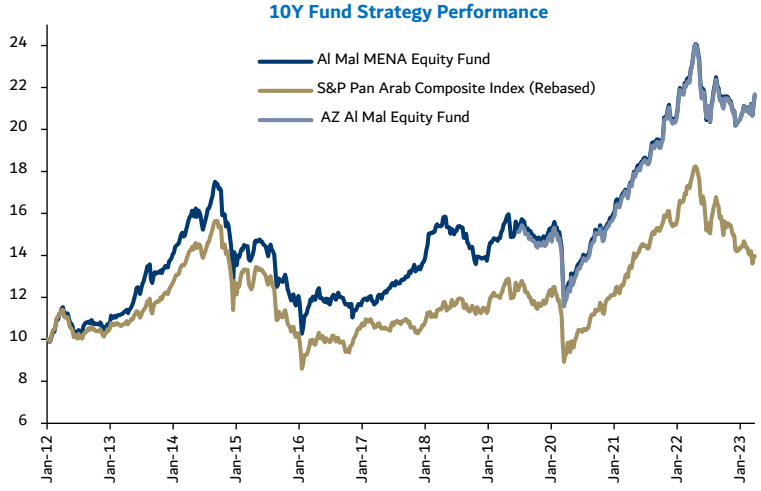
Sector Allocation



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 2023

NAV Per Unit: USD 11.14

Fund Manager Commentary

The first quarter of 2023 has been turbulent, with Credit Suisse, the Swiss banking giant, being the latest victim. The US has already experienced two of its biggest bank collapses. The global central banks now face the challenge of dealing with both high inflation, impending recession, and issues within the banking sector. Credit conditions in the US are expected to tighten, and the Fed's 25bp rate hike in March serves to remind markets of their determination to bring inflation back to target while acknowledging the risks posed by the banking system. GCC central banks again largely followed the Fed in raising their benchmark interest rates, given their currency pegs to the USD.

The international market continued to witness volatility and selling pressure as the S&P 500 index registered a decline of 1% in March-2023 but remained YTD positive with growth of 5.9% at the end of first quarter. The tech-heavy NASDAQ has shown a strong growth of 16% in 1Q-2023. We believe that markets are likely to remain depressed as the inflation continues to be sticky, and the central banks must look at the inflation/recession dilemma along with the new aim to maintain global financial stability.

The GCC markets saw mixed trends in March-2023. However, Saudi Arabia was the best performing GCC market during the month with a gain of 4.8% but ADX reported the biggest decline in the GCC with the benchmark down by 4.2% in Mar-2023 followed by Qatar and Kuwait with declines of 3.4% and 2.7%, respectively. DFM led the markets in terms of YTD gains, up 2.1% at the end of 1Q-2023. The rest of the GCC markets saw declines with Abu Dhabi reporting the biggest decline of 7.6% on YTD basis.

Our major holding Saudi National Bank has been impacted by the CS developments and the bank said that following the announcement of a merger between Credit Suisse and UBS the capital impact is 35bps to SNB's CAR and nil impact on profitability. SNB further said that the valuation of SNB's investment in Credit Suisse would have no impact on SNB's growth plans and guidance for 2023.

The fund remains well diversified with 31 names with financials accounting for 24% of the fund. The top-5 holdings constitute 25% of the fund. Despite the volatility seen in the first quarter the fund registered a YTD growth of 5.7% in 1Q-2023 as compared to index underperformance of -2.3% in the same period, registering an outperformance (alpha) of 8.0% in 1Q-2023. In the month of March, the fund registered a growth of 3.7% as compared to -0.8% decline seen in the benchmark. We are currently a bit risk averse, and our cash allocation is 10.4%. However, we will be looking at the first quarter results and based on the results and guidance we will be looking to churn the portfolio.

Objective

Achieve capital appreciation, primarily through investment in equity and equity related securities in the Middle East and North African markets.

Performance[1]	Fund	Benchmark[2]	Alpha
1 Month	3.7%	-0.8%	4.5%
YTD[3]	5.7%	-2.3%	8.0%
1 Year	-5.5%	-20.2%	14.7%
3 Year	79.7%	50.7%	29.0%
5 Year	40.3%	21.9%	18.4%
Since Inc.	40.7%	-25.3%	66.0%

[1] Performance is net of fees; return is cumulative
[2] S&P Pan Arab Composite Index
[3] As of 29th March 2023

Holding	Top 5 Holdings	% of Fund
Adnoc Drilling Company		6.0
Saudi Telecom Company		5.4
Saudi National Bank		5.1
Al Rajhi Bank		5.0
Qatar Gas Transport		3.6

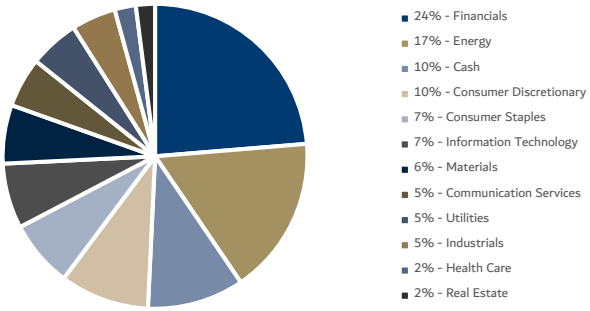
Fund Analysis

Matrix[4]	Fund	Benchmark
Standard Deviation	13.8%	15.9%
Tracking Error	5.6%	
Beta	0.8	
No. of Holdings	31	

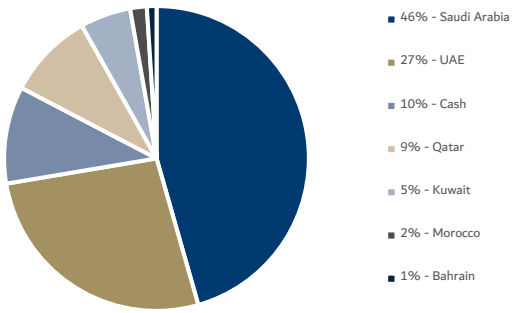
Fund Information

Fund Manager	Faisal Hasan, CFA
Inception Date	15th June 2008
Fund Size	USD 23 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

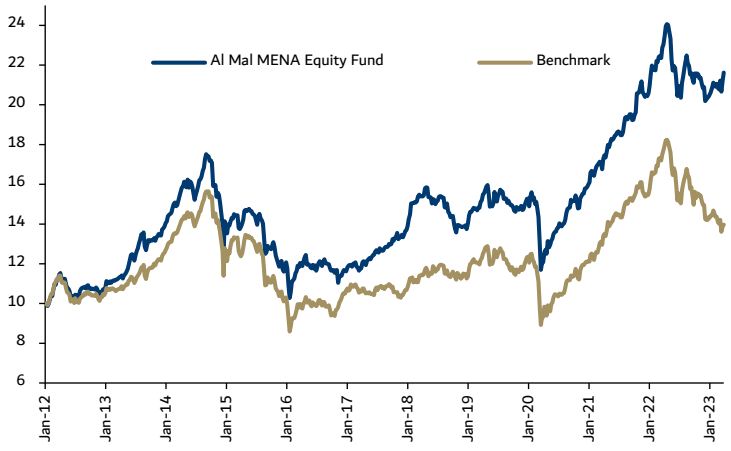
Sector Allocation



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 2023

NAV Per Unit: AED 1.62

Fund Manager Commentary

The first quarter of 2023 has been turbulent, with Credit Suisse, the Swiss banking giant, being the latest victim. The US has already experienced two of its biggest bank collapses. The global central banks now face the challenge of dealing with both high inflation, impending recession, and issues within the banking sector. Credit conditions in the US are expected to tighten, and the Fed's 25bp rate hike in March serves to remind markets of their determination to bring inflation back to target while acknowledging the risks posed by the banking system. GCC central banks again largely followed the Fed in raising their benchmark interest rates, given their currency pegs to the USD.

The international market continued to witness volatility and selling pressure as the S&P 500 index registered a decline of 1% in March-2023 but remained YTD positive with growth of 5.9% at the end of first quarter. The tech-heavy NASDAQ has shown a strong growth of 16% in 1Q-2023. We believe that markets are likely to remain depressed as the inflation continues to be sticky, and the central banks must look at the inflation/recession dilemma along with the new aim to maintain global financial stability.

UAE markets saw selling pressure as the FTSE ADX index dropped 4.2% during March-2023 closing the month at 9,430.25 points and was also the worst performing index in the GCC during the month. The Abu Dhabi index is now down 7.6% YTD basis. However, our portfolio major holding ADNOC Drilling topped the monthly gainers March-2023 with a gain of 19.3%. The DFM General Index also witnessed a marginal decline of 0.9% during the March-2023 to close at 3,406.72 points but on YTD basis, it is still up 2.1% at the end of 1Q-2023.

Among our holdings, AD Ports reported a significant increase in net profit from AED256mn in 4Q21 to AED353mn in 4Q22. The rise in net profit is mainly driven by strong revenue growth in the Maritime and Port Cluster coupled with acquisitions and new partnerships. It is one of our top holdings as it has good recurring revenue derived from the long-term and sticky business.

The fund remains well diversified with 21 names with financials accounting for 39% of the fund. The top-3 holding constitute 23% of the fund. Despite the volatility seen in the first quarter the fund registered a growth of 2.8% in 1Q2023 as compared to index underperformance of -4.7% in the same period, registering an outperformance (alpha) of 7.5% in 1Q-2023.

Objective

Achieve medium to long-term capital growth by investing primarily in equities listed on the UAE Exchange.

Fund Performance

Performance1	Fund	Benchmark2	Relative Perf.
1 Month	1.6%	-4.3%	5.9%
YTD*	2.8%	-4.7%	7.5%
1 Year	-1.0%	-13.4%	12.4%
3 Years	86.1%	70.9%	15.2%
5 Year	45.1%	14.7%	30.4%
Since Inc.	113.2%	-31.1%	144.3%

[1] Performance is net of fees; return is cumulative
[2] S&P Pan Arab Composite Index
[3] As of 29th March 2023

Top 3 Holdings

Holding	% of Fund
Adnoc Drilling Company	8.3
Abu Dhabi Ports	7.9
Emirates NBD	6.8

Fund Analysis

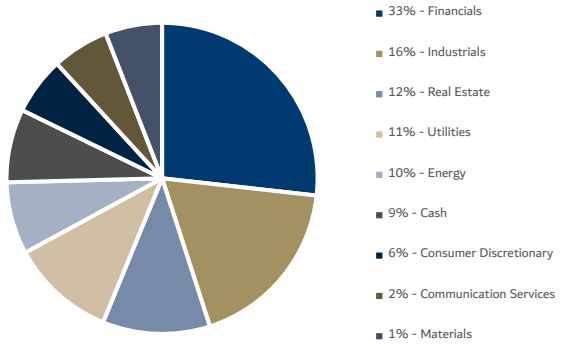
Matrix[4]	Fund	Benchmark
Standard Deviation	16.2%	23.6%
Tracking Error	10.5%	
Beta	0.6	
Dividend Yield 2022	4.0%	
No. of Holdings	21	

[4] Calculated using 3-year weekly data

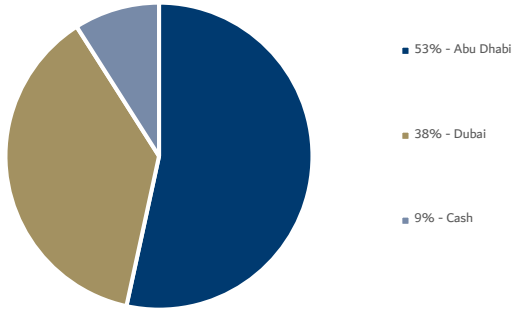
Fund Information

Fund Manager	Faisal Hasan, CFA
Fund Size	AED 44 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

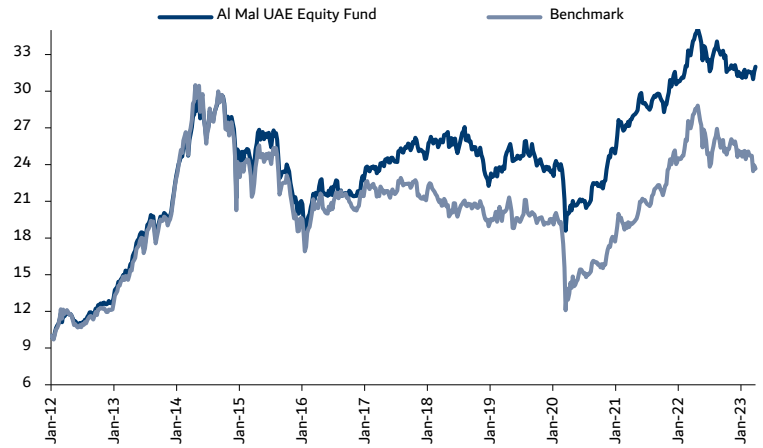
Sector Allocation



Geographic Allocation



10Y Fund Strategy Performance



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.