AZ Al Mal MENA Equity Fact Sheet

January 2023

NAV Per Unit: USD 6.96

Fund Manager Commentary

The international markets had a good start to the year with S&P 500 rising by 6% and the tech-heavy Nasdaq Composite soaring by almost 11% in January 2023, the Nasdaq's best month since July. Stocks moved higher as investors wait for a likely interest rate hike announcement from the Fed and press conference from Fed Chair Jerome Powell, along with the latest job openings which will show whether demand for workers remains high. Stocks have rallied this month due to hopes that inflation pressures are starting to abate. That should allow the Fed to issue smaller rate increases – and possibly even pause them later this year. Still, we believe a recession is likely to begin at some point later this year or in early 2024. Other experts argue that the Fed is likely to keep raising rates until it is certain inflation is no longer a problem.

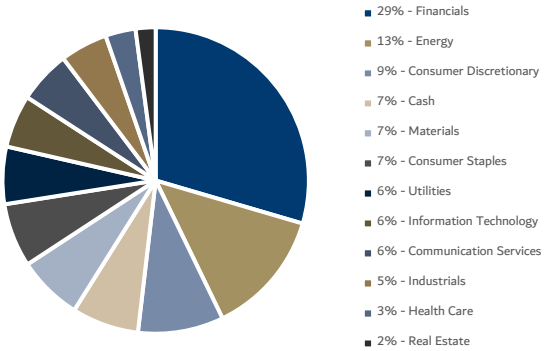
The GCC market showed mixed trends in Jan-2023 as Saudi market recorded a strong growth of 3% while the UAE market came under selling pressure and pressure as the Abu Dhabi Index resulted in decline of 3.9% while the Dubai market index recorded a decline of 1% in the first month of 2023.

On the economic front however, the reports and outlook remain strong as oil prices are at high levels. The GCC region continues to attract foreign investments. Saudi Arabia sovereign debt rose by about SAR 52bn to SAR 990bn in 2022 or 25% of GDP but still at comfortable levels as compared to other emerging markets. UAE aims to attract more foreign direct investment (FDI) into its economy this year on the back of new government policies to support businesses and industries. In GCC, after strong growth in IPOs in 2022, the pipeline remains strong led by KSA and UAE. UAE alone has 11 IPOs estimated to be worth USD 2.2bn in the pipeline.

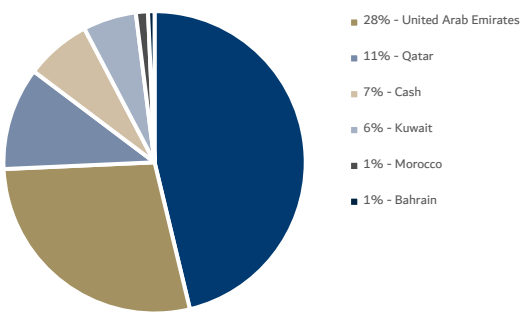
Going into 2023, we continue to like banks benefiting from increased interest rates. Accordingly, we invest in banks showing NIM flexibility, however with strong deposit franchises and corporate activity to grow over the cycle on a tide of economic activity stimulated by fiscal surpluses. Also, petchem prices should see a recovery on China re-opening, and GCC producers are best positioned given a very favourable cost curve. From a bottom-up perspective, secular growth stories in the region should perform well, largely insulated from recession risks and the direction of rates.

AZ Al Mal MENA Fund had a good start, and the fund was up 3% in Jan-2023 as compared to 2.7% growth in the benchmark S&P Pan Arab Composite Index. The fund is highly diversified both sectorally as well as geographically and the top-5 position account for only 27.3% of the fund. We are currently 7% in cash as we look at opportunities in the stocks on the fund manager's watchlist. We see value in companies with high free cash flow yields with strong dividend paying capacity, and pricing power, especially as long-term rates remain controlled.

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	3.0%	2.7%	0.3%
YTD[3]	3.0%	2.7%	0.3%
1 Year	-2.7%	-11.1%	8.4%
3 Year	43.9%	21.7%	22.2%
5 Year	42.6%	29.7%	12.9%
Since Inc.	39.3%	17.7%	21.6%

[1] Performance is net of fees; return is cumulative
[2] S&P Pan Arab Composite Index
[3] As of 25th January 2023

Top 5 Holdings

Holding	% of Fund
Saudi National Bank	6.8
Adnoc Drilling Company	6.2
Al Rajhi Bank	5.8
Qatar Gas Transport	4.3
Qatar National Bank	4.2

Fund Analysis

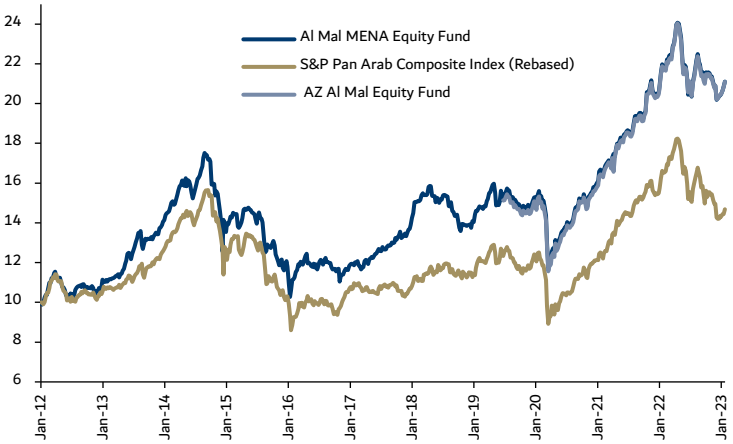
Matrix[4]	Fund	Benchmark
Standard Deviation	13.8%	16.0%
Tracking Error	5.9%	
Beta	0.8	
No. of Holdings	32	

[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 66 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

January 2023

NAV Per Unit: USD 10.88

Fund Manager Commentary

The international markets had a good start to the year with S&P 500 rising by 6% and the tech-heavy Nasdaq Composite soaring by almost 11% in January 2023, the Nasdaq's best month since July. Stocks moved higher as investors wait for a likely interest rate hike announcement from the Fed and press conference from Fed Chair Jerome Powell, along with the latest job openings which will show whether demand for workers remains high. Stocks have rallied this month due to hopes that inflation pressures are starting to abate. That should allow the Fed to issue smaller rate increases – and possibly even pause them later this year. Still, we believe a recession is likely to begin at some point later this year or in early 2024. Other experts argue that the Fed is likely to keep raising rates until it is certain inflation is no longer a problem.

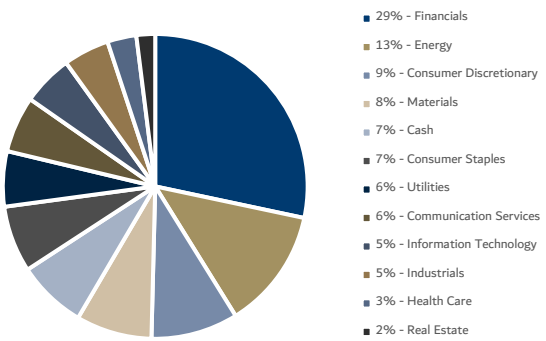
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On the economic front however, the reports and outlook remain strong as oil prices are at high levels. The GCC region continues to attract foreign investments. Saudi Arabia sovereign debt rose by about SAR 52bn to SAR 990bn in 2022 or 25% of GDP but still at comfortable levels as compared to other emerging markets. UAE aims to attract more foreign direct investment (FDI) into its economy this year on the back of new government policies to support businesses and industries. In GCC, after strong growth in IPOs in 2022, the pipeline remains strong led by KSA and UAE. UAE alone has 11 IPOs estimated to be worth USD 2.2bn in the pipeline.

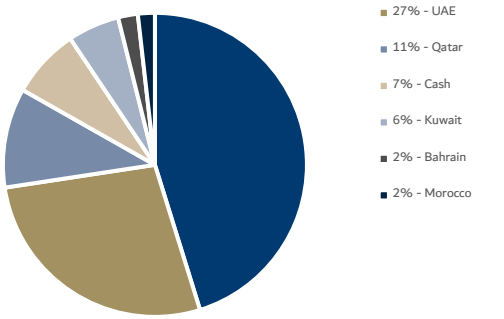
Going into 2023, we continue to like banks benefiting from increased interest rates. Accordingly, we invest in banks showing NIM flexibility, however with strong deposit franchises and corporate activity to grow over the cycle on a tide of economic activity stimulated by fiscal surpluses. Also, petchem prices should see a recovery on China re-opening, and GCC producers are best positioned given a very favourable cost curve. From a bottom-up perspective, secular growth stories in the region should perform well, largely insulated from recession risks and the direction of rates.

Al Mal MENA Equity Fund had a good start, and the fund was up 3.2% in Jan-2023 as compared to 2.7% growth in the benchmark S&P Pan Arab Composite Index. The fund is highly diversified both sectorally as well as geographically and the top-5 position account for only 26.4% of the fund. We are currently 7% in cash as we look at opportunities in the stocks on the fund manager's watchlist. We see value in companies with high free cash flow yields with strong dividend paying capacity, and pricing power, especially as long-term rates remain controlled.

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	3.2%	2.7%	0.5%
YTD[3]	3.2%	2.7%	0.5%
1 Year	-2.9%	-11.1%	8.2%
3 Year	38.1%	18.8%	19.3%
5 Year	48.2%	33.3%	14.9%
Since Inc.	37.4%	-21.5%	58.9%

[1] Performance is net of fees; return is cumulative
[2] S&P Pan Arab Composite Index
[3] As of 25th January 2023

Top 5 Holdings

Holding	% of Fund
Saudi National Bank	6.5
Adnoc Drilling Company	6.1
Al Rajhi Bank	5.6
Qatar Gas Transport	4.1
Qatar National Bank	4.1

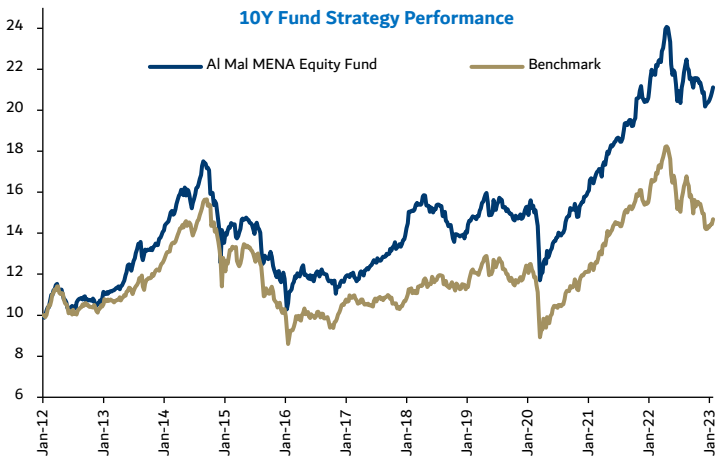
Fund Analysis

Matrix[4]	Fund	Benchmark
Standard Deviation	14.0%	16.0%
Tracking Error	5.6%	
Beta	0.8	
Dividend Yield 2022	4.0%	
No. of Holdings	32	

Fund Information

Fund Manager	Faisal Hasan, CFA
Inception Date	15th June 2008
Fund Size	USD 22 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

January 2023

NAV Per Unit: AED 1.60

Fund Manager Commentary

The international markets had a good start to the year with S&P 500 rising by 6% and the tech-heavy Nasdaq Composite soaring by almost 11% in January 2023, the Nasdaq's best month since July. Stocks moved higher as investors wait for a likely interest rate hike announcement from the Fed and press conference from Fed Chair Jerome Powell, along with the latest job openings which will show whether demand for workers remains high. Stocks have rallied this month due to hopes that inflation pressures are starting to abate. That should allow the Fed to issue smaller rate increases – and possibly even pause them later this year. Still, we believe a recession is likely to begin at some point later this year or in early 2024. Other experts argue that the Fed is likely to keep raising rates until it is certain inflation is no longer a problem.

The local markets did not have a great start to the year and came under selling pressure as Abu Dhabi Index resulted in decline of 3.9% while Dubai market index recorded a decline of 1% in the first month of 2023. The financial sector was amongst the major decliner which dragged the markets down. Trading activity also recorded a decline in the markets as investors remained in "wait and watch" mode.

However, economic outlook remains strong as the UAE aims to attract more foreign direct investment (FDI) into its economy this year on the back of new government policies to support businesses and industries. The primary market will remain active, taking over from the strong growth seen last year as UAE has 11 IPOs estimated to be worth USD 2.2bn in the pipeline.

Among the portfolio holdings, DIB reported net profit of AED1.43bn for 4Q22, +3.8% q/q and +7.2% y/y. The bank's profit for 2022 was AED5.47bn, up 25% y/y, on higher NII and lower provisioning. ADCB's profit is up 2% q/q . ADCB reported Q422 net profit of AED1.79bn, up 12% q/q and 24% y/y, 5% ahead of Bloomberg consensus. Another portfolio company Multiply Group has acquired 80% of International Energy Holding LLC. International Energy Holding recently acquired a 50% stake in Kalyon Enerji Yatrimlari A.Ş., a market leading clean and renewable energy company based in Turkey. Multiply Group had recently invested AED 10 billion in a 7.3% stake in the Abu Dhabi National Energy Company (TAQA).

In the first month, despite the negative market sentiments, the fund continued its good performance as registered outperformance of 0.8% as compared to its benchmark S&P UAE Domestic 10% Capped Index. The fund is currently well diversified with financials accounting for 34% allocation and top-3 stocks account for only 21.8% of the fund portfolio. The fund is sitting on 11% cash as it looks at opportunities in the stocks on the fund manager's watchlist.

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	1.9%	1.1%	0.8%
YTD[3]	1.9%	1.1%	0.8%
1 Year	6.6%	1.8%	4.8%
3 Year	50.1%	26.7%	23.4%
5 Year	41.1%	13.9%	27.2%
Since Inc.	111.3%	-26.9%	138.2%

[1] Performance is net of fees; return is cumulative
[2] S&P Pan Arab Composite Index
[3] As of 25th January 2023

Top 3 Holdings

Holding	% of Fund
Adnoc Drilling Company	7.7
Abu Dhabi Ports	7.2
Emirates NBD	6.9

Fund Analysis

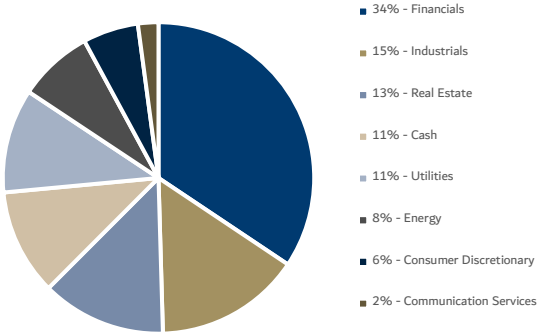
Matrix[4]	Fund	Benchmark
Standard Deviation	16.5%	23.8%
Tracking Error	10.4%	
Beta	0.6	
Dividend Yield 2022	4.0%	
No. of Holdings	20	

[4] Calculated using 3-year weekly data

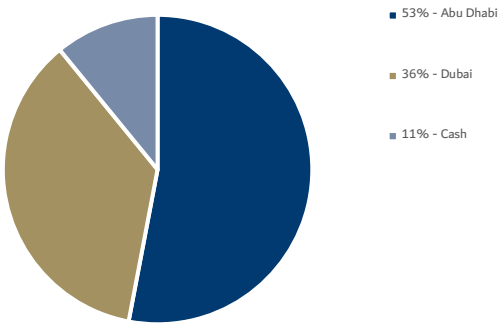
Fund Information

Fund Manager	Faisal Hasan, CFA
Fund Size	AED 57 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

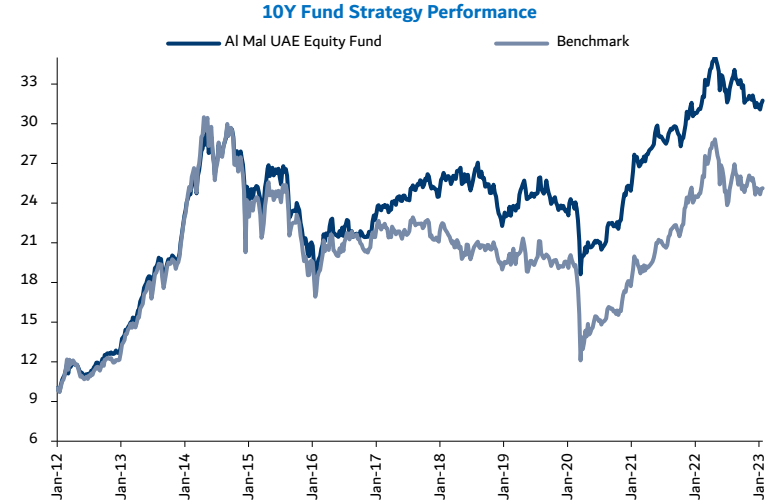
Sector Allocation



Geographic Allocation



10Y Fund Strategy Performance



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