AZ Al Mal MENA Equity Fact Sheet

June 2023

NAV Per Unit: USD 7.69

Fund Manager Commentary

As we enter the latter half of 2023, global capital markets continue to face an imbalance in economic forces. Persistent inflation, the tightening of central bank policies, and ongoing financial instability all present evident risks. However, despite these challenges, economies and markets have demonstrated unexpected resilience. Major economies have maintained growth while earnings results have surpassed expectations. In this uncertain environment, the importance of meticulous security selection cannot be overstated. The annual inflation rate has decreased significantly since hitting 40-year highs last summer but still sits above the Fed's desired level causing a persistence in tightening monetary policy efforts.

Stocks have shown strong growth in the first half of 2023 amid more signs of cooling from the Federal Reserve's preferred inflation gauge. All three major stock benchmarks logged strong performances for both the year's second quarter and first half. The Nasdaq is up more than 30% since the start of the year, which is its best first half of the year since 1983. The benchmark S&P 500 has gained around 16%, while the Dow has put up a more modest 4% gain, showing that the growth in indices is not broad-based.

GCC equity markets closed in the green during June 2023 after seeing declines during May. The MSCI GCC index was up 2.8% during June reflecting positive performance. DFM was the best performing market in the GCC with a monthly return of 6.0%. The Saudi Arabia TASI was up 4.0% in June.

Portfolio Holding ADNOC Drilling announced that it was awarded a contract totalling USD2bn for the 10-year charter contracts of five high-specification jack-ups. The revenue generated from these contracts is included in the company's full year (2023) and medium-term guidance, aiming to support drilling operations in ADNOC Offshore's portfolio. Another holding Tanmiah Food Company signed a strategic partnership with Halal Products Development Company, a wholly owned subsidiary of the PIF, to strengthen and localise the halal products industry in Saudi Arabia. AD Ports Group has announced completion of the acquisition of Noatum, whereby 100% of the company's stake was bought for an enterprise value of AED2.65bn (EUR660mn).

The fund remains well diversified with 36 names with financials accounting for 20% of the fund. The top-5 holdings constitute 24.3% of the fund. The fund registered a YTD growth of 13.8% till June-2023 as compared to index 3.0% in the same period, registering an outperformance (alpha) of 10.8% till June-2023. In the month of June, the fund registered 3.7% as compared to 3.1% seen in the benchmark. We have reduced our cash allocation as we deploy the cash in some new growth-oriented names and in newly listed stocks.

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	3.7%	3.1%	0.6%
YTD[3]	13.8%	3.0%	10.8%
1 Year	10.2%	-5.3%	15.5%
3 Year	71.5%	41.4%	30.1%
5 Year	56.3%	25.7%	30.6%
Since Inc.	53.7%	18.1%	35.6%

[1] Performance is net of fees; return is cumulative
[2] S&P Pan Arab Composite Index
[3] As of 30th June 2023

Top 5 Holdings

Holding	% of Fund
Saudi Telecom Company	5.5
Al Rajhi Bank	5.0
Saudi National Bank	4.8
Adnoc Drilling Company	4.7
ELM Company	4.3

Fund Analysis

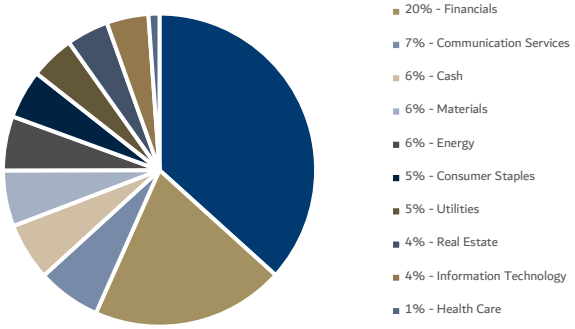
Matrix[4]	Fund	Benchmark
Standard Deviation	10.7%	12.1%
Tracking Error	5.4%	
Beta	0.8	
No. of Holdings	36	

[4] Calculated using 3-year weekly data

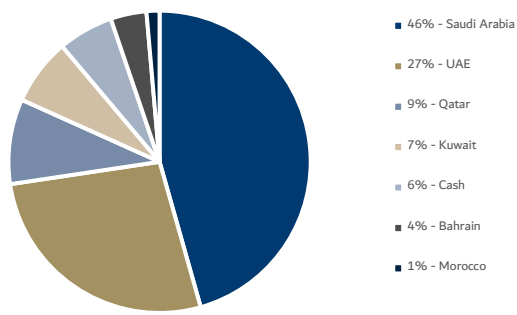
Fund Information

Investment Manager	Azimut (DIFC) Limited
Investment Advisers	Al Mal Capital PJSC
Fund Advisor	Faisal Hasan, CFA
Inception Date	June 26, 2019
Fund Size	USD 70 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

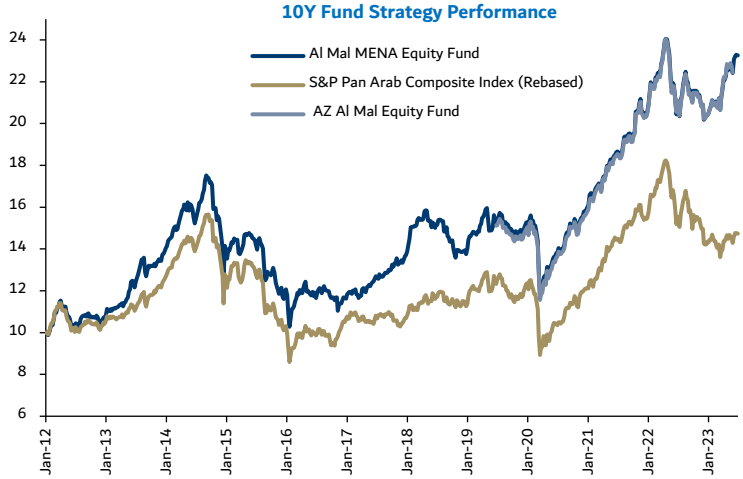
Sector Allocation



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

June 2023

NAV Per Unit: USD 11.99

Fund Manager Commentary

As we enter the latter half of 2023, global capital markets continue to face an imbalance in economic forces. Persistent inflation, the tightening of central bank policies, and ongoing financial instability all present evident risks. However, despite these challenges, economies and markets have demonstrated unexpected resilience. Major economies have maintained growth while earnings results have surpassed expectations. In this uncertain environment, the importance of meticulous security selection cannot be overstated. The annual inflation rate has decreased significantly since hitting 40-year highs last summer but still sits above the Fed's desired level causing a persistence in tightening monetary policy efforts.

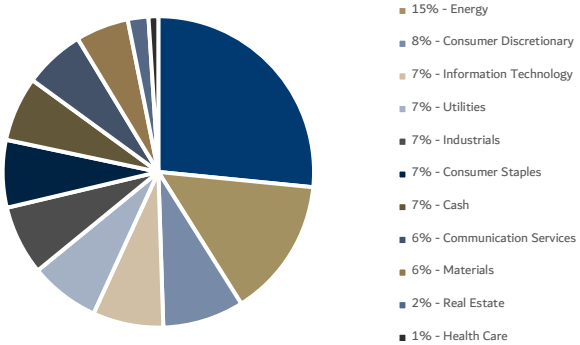
Stocks have shown strong growth in the first half of 2023 amid more signs of cooling from the Federal Reserve's preferred inflation gauge. All three major stock benchmarks logged strong performances for both the year's second quarter and first half. The Nasdaq is up more than 30% since the start of the year, which is its best first half of the year since 1983. The benchmark S&P 500 has gained around 16%, while the Dow has put up a more modest 4% gain, showing that the growth in indices is not broad-based.

GCC equity markets closed in the green during June 2023 after seeing declines during May. The MSCI GCC index was up 2.8% during June reflecting positive performance. DFM was the best performing market in the GCC with a monthly return of 6.0%. The Saudi Arabia TASI was up 4.0% in June.

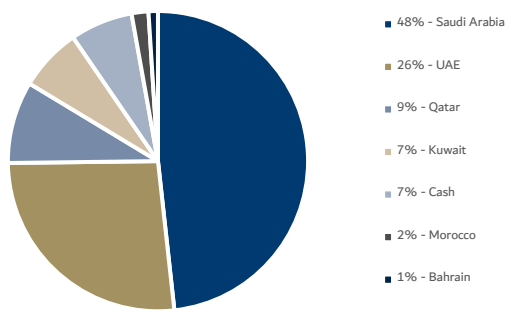
Portfolio Holding ADNOC Drilling announced that it was awarded a contract totalling USD2bn for the 10-year charter contracts of five high-specification jack-ups. The revenue generated from these contracts is included in the company's full year (2023) and medium-term guidance, aiming to support drilling operations in ADNOC Offshore's portfolio. Another holding Tanmiah Food Company signed a strategic partnership with Halal Products Development Company, a wholly owned subsidiary of the PIF, to strengthen and localise the halal products industry in Saudi Arabia. AD Ports Group has announced completion of the acquisition of Noatum, whereby 100% of the company's stake was bought for an enterprise value of AED2.65bn (EUR660mn).

The fund remains well diversified with 37 names with financials accounting for 27% of the fund. The top-5 holdings constitute 23.5% of the fund. The fund registered a YTD growth of 13.7% till June-2023 as compared to index 3.0% in the same period, registering an outperformance (alpha) of 10.7% till June-2023. In the month of June, the fund registered 3.8% as compared to 3.1% seen in the benchmark. We have reduced our cash allocation as we deploy the cash in some new growth-oriented names and in newly listed stocks.

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.

Performance[1]	Fund	Benchmark[2]	Alpha
1 Month	3.8%	3.1%	0.7%
YTD[3]	13.7%	3.0%	10.7%
1 Year	11.0%	-5.3%	16.3%
3 Year	68.8%	41.4%	27.4%
5 Year	53.4%	25.7%	27.7%
Since Inc.	51.4%	-21.3%	72.7%

[1] Performance is net of fees; return is cumulative
[2] S&P Pan Arab Composite Index
[3] As of 30th June 2023

Top 5 Holdings

Holding	% of Fund
Saudi Telecom Company	5.3
Saudi National Bank	4.8
Al Rajhi Bank	4.6
Adnoc Drilling Company	4.6
Elm Company	4.1

Fund Analysis

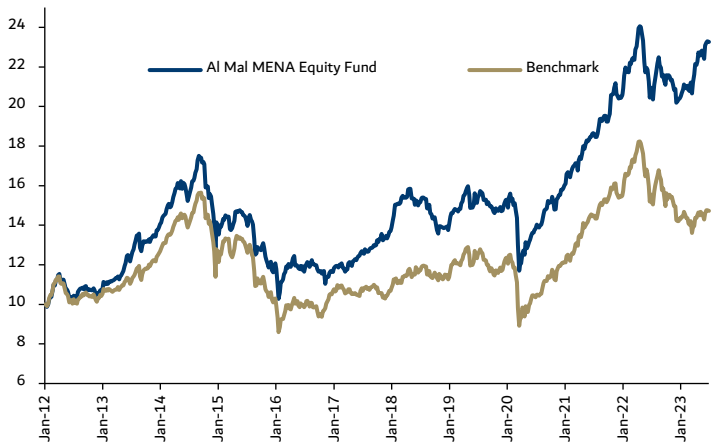
Matrix[4]	Fund	Benchmark
Standard Deviation	10.4%	12.1%
Tracking Error	5.1%	
Beta	0.8	
No. of Holdings	37	

[4] Calculated using 3-year weekly data

Fund Information

Fund Manager	Faisal Hasan, CFA
Inception Date	15th June 2008
Fund Size	USD 25 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



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

June 2023

NAV Per Unit: AED 1.72

Fund Manager Commentary

As we enter the latter half of 2023, global capital markets continue to face an imbalance in economic forces. Persistent inflation, the tightening of central bank policies, and ongoing financial instability all present evident risks. However, despite these challenges, economies and markets have demonstrated unexpected resilience. Major economies have maintained growth while earnings results have surpassed expectations. In this uncertain environment, the importance of meticulous security selection cannot be overstated. The annual inflation rate has decreased significantly since hitting 40-year highs last summer but still sits above the Fed's desired level causing a persistence in tightening monetary policy efforts.

Stocks have shown strong growth in the first half of 2023 amid more signs of cooling from the Federal Reserve's preferred inflation gauge. All three major stock benchmarks logged strong performances for both the year's second quarter and first half. The Nasdaq is up more than 30% since the start of the year, which is its best first half of the year since 1983. The benchmark S&P 500 has gained around 16%, while the Dow has put up a more modest 4% gain, showing that the growth in indices is not broad-based.

In June 2023, the FTSE ADX index experienced performance of 1.5% while the DFM General Index achieved a significant monthly gain, with a 6.0% increase. This performance positioned it as the second-best performing market in the GCC for the month. As of the end of June 2023, the ADX Index showed a year-to-date decline of 6.5%, while the DFM Index displayed a growth of 13.7% over the same period. On the economic front, the UAE's GDP growth accelerated to 7.9% in 2022 supported by its non-oil sector as the country continues with its economic diversification strategy.

Portfolio Holding ADNOC Drilling announced that it was awarded a contract totalling USD2bn for the 10-year charter contracts of five high-specification jack-ups. Another holding AD Ports Group has announced completion of the acquisition of Noatum, whereby 100% of the company's stake was bought for an enterprise value of AED2.65bn (EUR660mn).

The fund remains well diversified with 23 names with financials accounting for 39% of the fund. The top-5 holdings constitute 32.8% of the fund. The fund registered a YTD growth of 9.3% till June-2023 as compared to index fall of 0.6% in the same period, registering an outperformance (alpha) of 9.9% till June-2023. In the month of June, the fund registered 3.6% as compared to 3.2% seen in the benchmark.

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]	Relative Perf.
1 Month	3.6%	3.2%	0.4%
YTD*	9.3%	-0.6%	9.9%
1 Year	8.6%	-1.0%	9.6%
3 Years	85.8%	61.6%	24.2%
5 Year	60.5%	25.0%	35.5%
Since Inc.	126.6%	-28.1%	154.7%

[1] Performance is net of fees; return is cumulative
[2] S&P UAE Domestic 10% Capped Index
[3] As of 30th June 2023

Top 3 Holdings

Holding	% of Fund
Abu Dhabi Ports	7.5
Emirates NBD	7.0
Adnoc Drilling Company	6.2

Fund Analysis

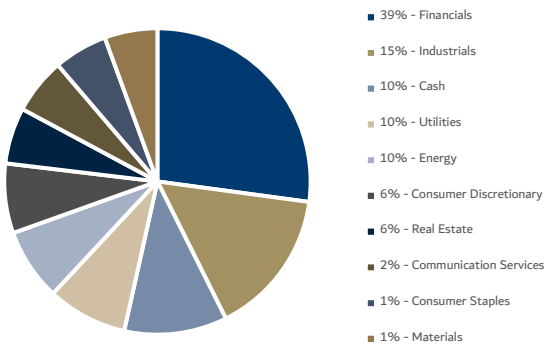
Matrix[4]	Fund	Benchmark
Standard Deviation	11.9%	14. 9%
Tracking Error	6.8%	
Beta	0.7	
Dividend Yield 2022	4.0%	
No. of Holdings	23	

[4] Calculated using 3-year weekly data

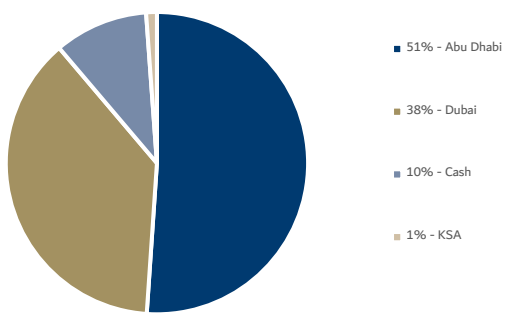
Fund Information

Fund Manager	Faisal Hasan, CFA
Fund Size	AED 47 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

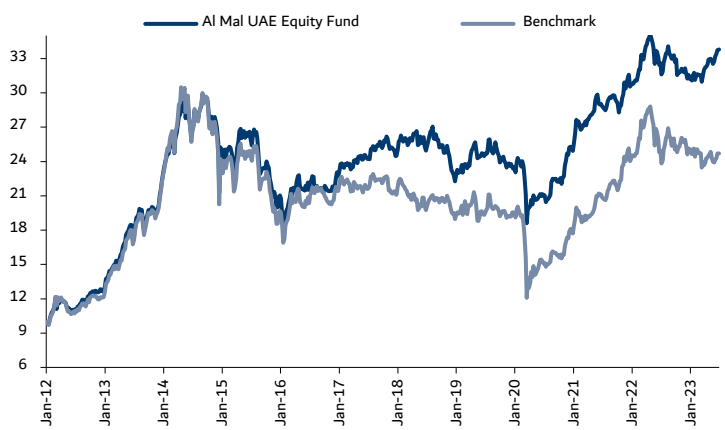
Sector Allocation



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.