AZ Al Mal MENA Equity Fact Sheet

May 2023

NAV Per Unit: USD 7.42

Fund Manager Commentary

Despite the prevailing market belief in an imminent recession, particularly in the USA, the economic indicators remain mixed, offering enough evidence to support both optimistic and pessimistic perspectives on the market. Optimists rely on factors such as a resilient labour market, strong financial positions of consumers and corporations, better-than-expected earnings, and signs of inflation levelling off, which provide grounds for central banks to hold off on tightening policies. Conversely, the pessimists point to the delayed effects of tightening measures by central banks, turmoil in regional banks, contracting manufacturing data, persistently high inflation, and a deeply inverted yield curve as key indicators of an impending and severe recession.

During the month, global equity markets experienced a predominantly downward trajectory, as reflected by the 1.2% decline in the MSCI World index. The S&P 500 Index and the Nasdaq Composite exhibited gains, while the DJIA suffered a 3.5% drop. In the GCC region, the monthly decline further contributed to the negative performance of the MSCI GCC index, resulting in a year-to-date return of -2.4%.

Among our major holdings, ADNOC Drilling acquired 6 new build hybrid power onshore rigs for USD 75m (USD 12.5m per rig). The new rigs should be added to the fleet in Q2 24e, with partial revenue and EBITDA contribution in FY 24e and full year contribution from all rigs in FY 25e. The company has now announced the acquisition of 21 rigs out of 30 rigs, including three jack-up rigs at USD 320m (USD 107m per rig) in Nov-22, another two offshore jack-up rigs for USD 200m (USD 100m per rig) in Dec-22, and 10 new hybrid land rigs for USD 252m (USD 25.2m per rig) to be operational in H1 24e.

We have made some new investments through recent IPOs but intend to keep more than 10% of investments more in defensive stocks as we look forward to the central banks' guidance on interest rates and volatility and liquidity in the markets. The potential extent and duration of the downturn in markets are challenging to ascertain at this stage, prompting a cautious approach as we closely monitor the data in search of clearer guidance.

The fund remains well diversified with 35 names with financials accounting for 26% of the fund. The top-5 holdings constitute 24% of the fund. Despite the volatility seen in the first quarter the fund registered a YTD growth of 9.7% till May-2023 as compared to index fall of 0.1% in the same period, registering an outperformance (alpha) of 9.8% till May-2023. In the month of May, the fund registered a fall of 1.7% as compared to a fall of 2.5% seen in the benchmark.

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%	-2.5%	0.8%
YTD[3]	9.7%	-0.1%	9.8%
1 Year	4.5%	-13.3%	17.8%
3 Year	72.3%	42.2%	30.1%
5 Year	52.1%	24.1%	28.0%
Since Inc.	48.3%	14.5%	33.8%

[1] Performance is net of fees; return is cumulative
[2] S&P Pan Arab Composite Index
[3] As of 31st May 2023

Top 5 Holdings

Holding	% of Fund
Saudi Telecom Company	5.7
Saudi National Bank	5.0
Al Rajhi Bank	4.9
Adnoc Drilling Company	4.9
Qatar National Bank	3.5

Fund Analysis

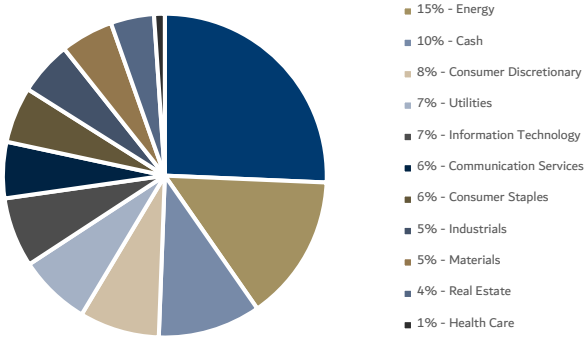
Matrix[4]	Fund	Benchmark
Standard Deviation	10.6%	12.3%
Tracking Error	5.5%	
Beta	0.8	
No. of Holdings	35	

[4] Calculated using 3-year weekly data

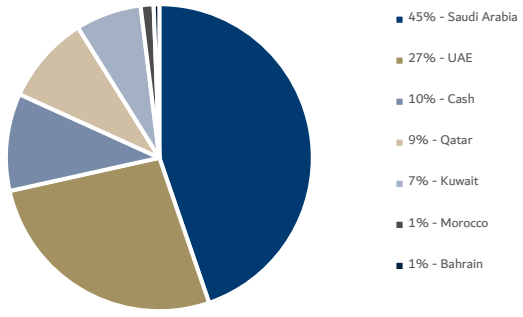
Fund Information

Investment Manager	Azimut (DIFC) Limited
Investment Advisers	Al Mal Capital PJSC
Fund Advisor	Faisal Hasan, CFA
Inception Date	June 26, 2019
Fund Size	USD 68 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

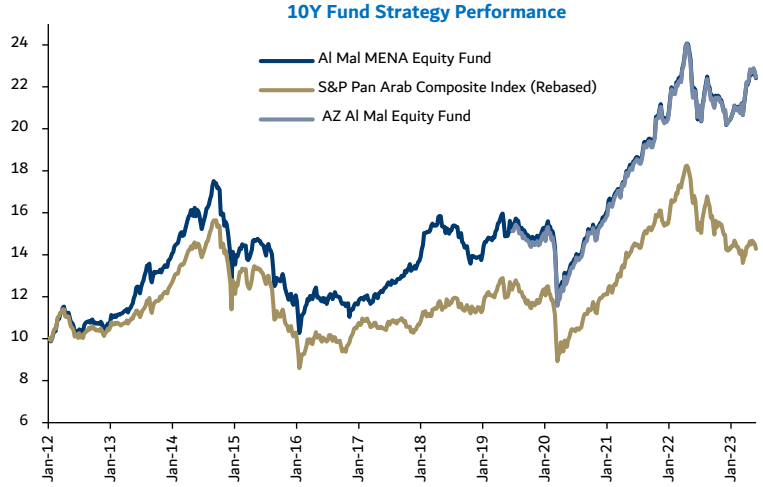
Sector Allocation



Geographic Allocation



10Y Fund Strategy Performance



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Al Mal MENA Equity Fact Sheet

May 2023

NAV Per Unit: USD 11.55

Fund Manager Commentary

Despite the prevailing market belief in an imminent recession, particularly in the USA, the economic indicators remain mixed, offering enough evidence to support both optimistic and pessimistic perspectives on the market. Optimists rely on factors such as a resilient labour market, strong financial positions of consumers and corporations, better-than-expected earnings, and signs of inflation levelling off, which provide grounds for central banks to hold off on tightening policies. Conversely, the pessimists point to the delayed effects of tightening measures by central banks, turmoil in regional banks, contracting manufacturing data, persistently high inflation, and a deeply inverted yield curve as key indicators of an impending and severe recession.

During the month, global equity markets experienced a predominantly downward trajectory, as reflected by the 1.2% decline in the MSCI World index. The S&P 500 Index and the Nasdaq Composite exhibited gains, while the DJIA suffered a 3.5% drop. In the GCC region, the monthly decline further contributed to the negative performance of the MSCI GCC index, resulting in a year-to-date return of -2.4%.

Among our major holdings, ADNOC Drilling acquired 6 new build hybrid power onshore rigs for USD 75m (USD 12.5m per rig). The new rigs should be added to the fleet in Q2 24e, with partial revenue and EBITDA contribution in FY 24e and full year contribution from all rigs in FY 25e. The company has now announced the acquisition of 21 rigs out of 30 rigs, including three jack-up rigs at USD 320m (USD 107m per rig) in Nov-22, another two offshore jack-up rigs for USD 200m (USD 100m per rig) in Dec-22, and 10 new hybrid land rigs for USD 252m (USD 25.2m per rig) to be operational in H1 24e.

We have made some new investments through recent IPOs but intend to keep more than 10% of investments more in defensive stocks as we look forward to the central banks' guidance on interest rates and volatility and liquidity in the markets. The potential extent and duration of the downturn in markets are challenging to ascertain at this stage, prompting a cautious approach as we closely monitor the data in search of clearer guidance.

The fund remains well diversified with 34 names with financials accounting for 25% of the fund. The top-5 holdings constitute 23.2% of the fund. Despite the volatility seen in the first quarter the fund registered a YTD growth of 9.6% till May-2023 as compared to index fall of 0.1% in the same period, registering an outperformance (alpha) of 9.7% till May-2023. In the month of May, the fund registered a fall of 1.4% as compared to a fall of 2.5% seen in the benchmark.

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	-1.4%	-2.5%	1.1%
YTD[3]	9.6%	-0.1%	9.7%
1 Year	3.2%	-13.3%	16.5%
3 Year	69.0%	42.2%	26.8%
5 Year	49.0%	24.1%	24.9%
Since Inc.	45.9%	-23.6%	69.5%

[1] Performance is net of fees; return is cumulative
[2] S&P Pan Arab Composite Index
[3] As of 31st May 2023

Holding	Top 5 Holdings	% of Fund
Saudi Telecom Company		5.5
Saudi National Bank		5.0
Adnoc Drilling Company		4.8
Al Rajhi Bank		4.6
Elm Company		3.3

Fund Analysis

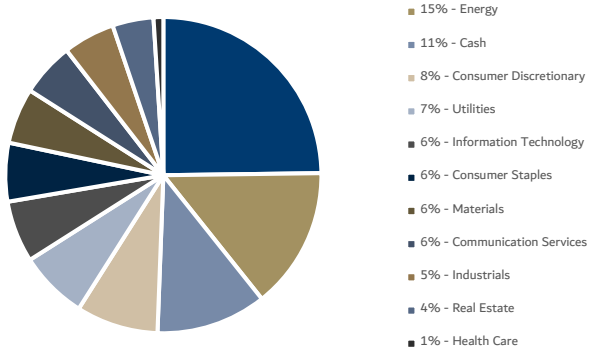
Matrix[4]	Fund	Benchmark
Standard Deviation	10.8%	12.7%
Tracking Error	5.3%	
Beta	0.8	
No. of Holdings	34	

[4] Calculated using 3-year weekly data

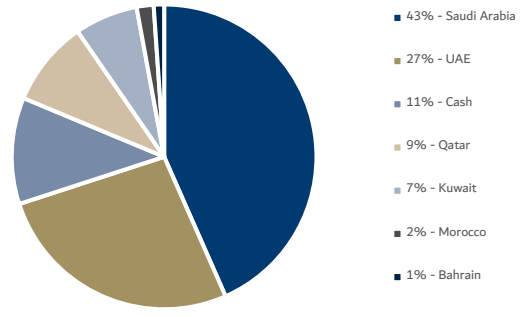
Fund Information

Fund Manager	Faisal Hasan, CFA
Inception Date	15th June 2008
Fund Size	USD 24 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

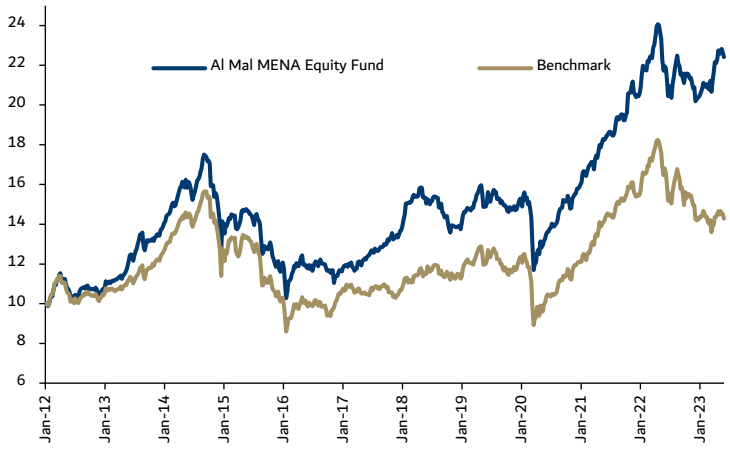
Sector Allocation



Geographic Allocation



10Y Fund Strategy Performance



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Al Mal UAE Equity Fact Sheet

May 2023

NAV Per Unit: AED 1.66

Fund Manager Commentary

Despite the prevailing market belief in an imminent recession, particularly in the USA, the economic indicators remain mixed, offering enough evidence to support both optimistic and pessimistic perspectives on the market. Optimists rely on factors such as a resilient labour market, strong financial positions of consumers and corporations, better-than-expected earnings, and signs of inflation levelling off, which provide grounds for central banks to hold off on tightening policies. Conversely, the pessimists point to the delayed effects of tightening measures by central banks, turmoil in regional banks, contracting manufacturing data, persistently high inflation, and a deeply inverted yield curve as key indicators of an impending and severe recession.

In May 2023, the FTSE ADX index experienced a significant decline of 3.9% while the DFM General Index achieved its second consecutive monthly gain, with a 0.9% increase. This performance positioned it as the second-best performing market in the GCC for the month. As of the end of May 2023, the ADX Index showed a year-to-date decline of 7.9%, while the DFM Index displayed a growth of 7.2% over the same period.

Among our major holdings, ADNOC Drilling acquired 6 new build hybrid power onshore rigs for USD 75m (USD 12.5m per rig). The new rigs should be added to the fleet in Q2 24e, with partial revenue and EBITDA contribution in FY 24e and full year contribution from all rigs in FY 25e. The company has now announced the acquisition of 21 rigs out of 30 rigs, including three jack-up rigs at USD 320m (USD 107m per rig) in Nov-22, another two offshore jack-up rigs for USD 200m (USD 100m per rig) in Dec-22, and 10 new hybrid land rigs for USD 252m (USD 25.2m per rig) to be operational in H1 24e.

We have made some new investments through recent IPOs but intend to keep more than 10% of investments more in defensive stocks as we look forward to the central banks' guidance on interest rates and volatility and liquidity in the markets. The potential extent and duration of the downturn in markets are challenging to ascertain at this stage, prompting a cautious approach as we closely monitor the data in search of clearer guidance.

The fund remains well diversified with 21 names with financials accounting for 33% of the fund. The top-3 holdings constitute 21.2% of the fund. Despite the volatility seen in the first quarter the fund registered a growth of 5.5% in YTD ending May-2023 as compared to index fall of 3.6% in the same period, registering an outperformance (alpha) of 9.1% in the period. In the month of May, the fund registered a fall of 0.5% as compared to a fall of 2.3% 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	-0.5%	-2.3%	1.8%
YTD*	5.5%	-3.6%	9.1%
1 Year	5.0%	-5.8%	10.8%
3 Years	82.8%	63.9%	18.9%
5 Year	50.7%	19.1%	31.6%
Since Inc.	118.7%	-30.3%	149.0%

[1] Performance is net of fees; return is cumulative
[2] S&P UAE Domestic 10% Capped Index
[3] As of 31st May 2023

Top 3 Holdings

Holding	% of Fund
Abu Dhabi Ports	7.9
Emirates NBD	6.7
Adnoc Drilling Company	6.6

Fund Analysis

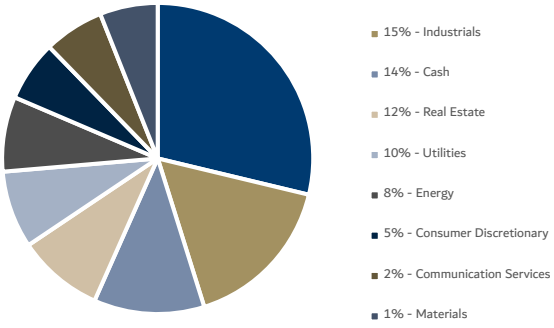
Matrix[4]	Fund	Benchmark
Standard Deviation	11.9%	15.0%
Tracking Error	7.0%	
Beta	0.7	
Dividend Yield 2022	4.0%	
No. of Holdings	21	

[4] Calculated using 3-year weekly data

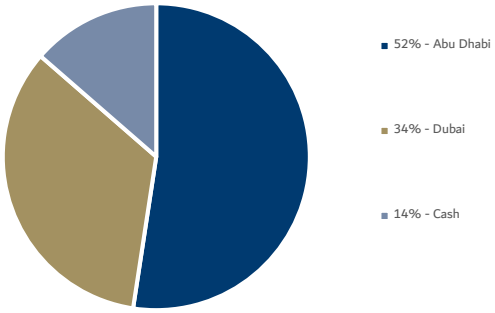
Fund Information

Fund Manager	Faisal Hasan, CFA
Fund Size	AED 45 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

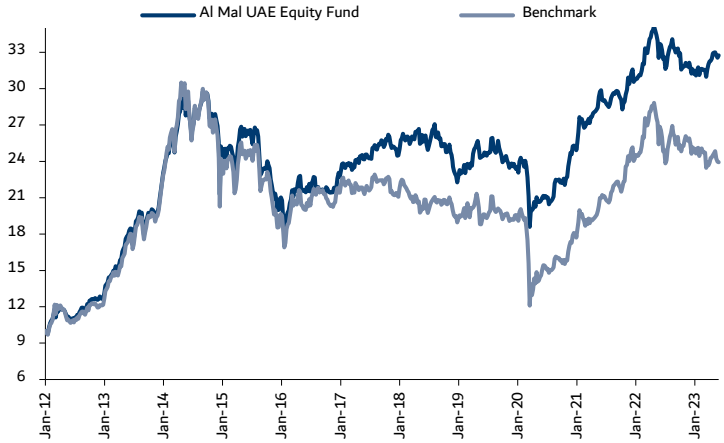
Sector Allocation



Geographic Allocation



10Y Fund Strategy Performance



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