AZ Al Mal MENA Equity Fact Sheet

February 2023

NAV Per Unit: USD 6.88

Fund Manager Commentary

The international markets that previously showed strong growth in January came under selling pressure. However, both S&P500 and NASDAQ experienced YTD gains of 3.82% and 10.29% respectively. An unforeseen increase in Treasury yields afflicted stock market performance especially with geopolitical tensions and dire forecasts from bellwethers souring investors' mood. Fears that the Federal Reserve will continue to hike rates up to thwart inflation also put pressure on risky assets.

The GCC markets also reacted as the Saudi market reported a decline of 7% in February resulting in the YTD decline of 4% in the first two months of the year. The UAE market experienced mixed results as DFM registered a YTD growth of 3% while the ADX Index reported a YTD decline of 4% in February.

On the economic front, despite a sharp deceleration in real headline GDP growth forecasted for the GCC economies in 2023, we maintain an optimistic outlook. This slowdown is expected to be primarily due to a stabilization in the oil sector, resulting from production changes. In 2022, the region witnessed double-digit growth as it increased output to meet global energy demands triggered by the start of the Ukraine war. However, most GCC countries have already experienced some moderation in oil production from the end of 2022 due to OPEC+ cuts aimed at supporting oil prices. EIA expect that the Brent spot price will average $85/b in the first half of 2023 (1H23) and $82/b in 2H23 and $78/b in 2024.

Portfolio Holding Americana Restaurants reported its 4Q22 results, with headline earnings up 28% y/y to USD63.4mn. Earnings were up 42% y/y to USD70.2mn and were slightly ahead of investors' estimates. The company opened 220 gross new stores (173 net) in 2022, including 186 gross openings for KFC, Pizza Hut, Krispy Kreme and Hardee's, with total number of restaurants reaching 2,183 in 2022 (+9% y/y).

The fund reported a loss of 1.2% in February as compared to its benchmark losing 4.0% in the same period. On a YTD basis, the fund reported YTD growth of 1.8% as of the last NAV date of February compared to 1.5% loss in the benchmark index reporting outperformance of 3.3%. The fund is currently 9% in cash as we look forward to deploying it in better looking opportunities. We continue to look at interesting names in the financial sector with a focus on how rising interest rates may affect the banking industry. We are also monitor dividend announcements for high FCF companies.

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	-1.2%	-4.0%	2.8%
YTD[3]	1.8%	-1.5%	3.3%
1 Year	-5.4%	-16.7%	11.3%
3 Year	38.4%	16.4%	22.0%
5 Year	40.0%	27.1%	12.9%
Since Inc.	37.6%	13.0%	24.6%

[1] Performance is net of fees; return is cumulative
[2] S&P Pan Arab Composite Index
[3] As of 22nd February 2023

Top 5 Holdings

Holding	% of Fund
Saudi National Bank	6.8
Adnoc Drilling Company	5.5
Al Rajhi Bank	5.4
Saudi Telecom Company	4.8
Qatar Gas Transport	4.2

Fund Analysis

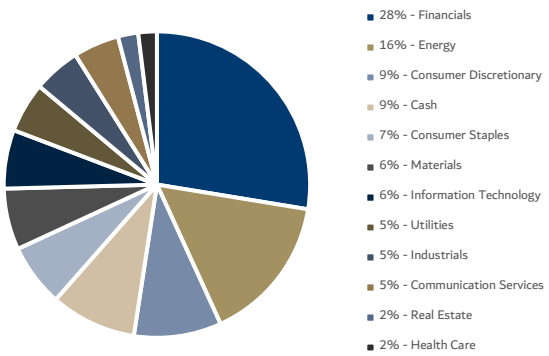
Matrix[4]	Fund	Benchmark
Standard Deviation	13.7%	15.9%
Tracking Error	5.9%	
Beta	0.8	
No. of Holdings	31	

[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

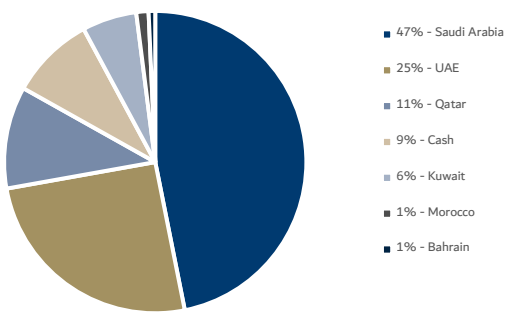
Fund Information

Investment Manager	Azimut (DIFC) Limited
Investment Advisers	Al Mal Capital PJSC
Fund Advisor	Faisal Hasan, CFA
Inception Date	June 26, 2019
Fund Size	USD 65 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

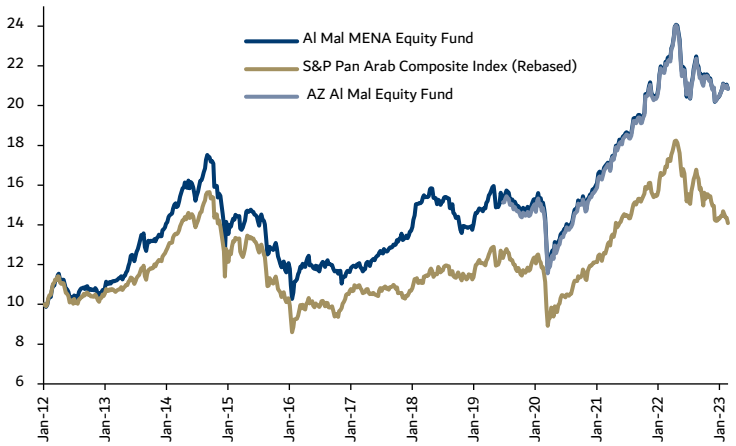
Sector Allocation



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

February 2023

NAV Per Unit: USD 10.75

Fund Manager Commentary

The international markets that previously showed strong growth in January came under selling pressure. However, both S&P500 and NASDAQ experienced YTD gains of 3.82% and 10.29% respectively. An unforeseen increase in Treasury yields afflicted stock market performance especially with geopolitical tensions and dire forecasts from bellwethers souring investors' mood. Fears that the Federal Reserve will continue to hike rates up to thwart inflation also put pressure on risky assets.

The GCC markets also reacted as the Saudi market reported a decline of 7% in February resulting in the YTD decline of 4% in the first two months of the year. The UAE market experienced mixed results as DFM registered a YTD growth of 3% while the ADX Index reported a YTD decline of 4% in February.

On the economic front, despite a sharp deceleration in real headline GDP growth forecasted for the GCC economies in 2023, we maintain an optimistic outlook. This slowdown is expected to be primarily due to a stabilization in the oil sector, resulting from production changes. In 2022, the region witnessed double-digit growth as it increased output to meet global energy demands triggered by the start of the Ukraine war. However, most GCC countries have already experienced some moderation in oil production from the end of 2022 due to OPEC+ cuts aimed at supporting oil prices. EIA expect that the Brent spot price will average $85/b in the first half of 2023 (1H23) and $82/b in 2H23 and $78/b in 2024.

Portfolio Holding Americana Restaurants reported its 4Q22 results, with headline earnings up 28% y/y to USD63.4mn. Earnings were up 42% y/y to USD70.2mn and were slightly ahead of investors' estimates. The company opened 220 gross new stores (173 net) in 2022, including 186 gross openings for KFC, Pizza Hut, Krispy Kreme and Hardee's, with total number of restaurants reaching 2,183 in 2022 (+9% y/y).

The fund reported a loss of 1.3% in February as compared to its benchmark losing 4.0% in the same period. On a YTD basis, the fund reported YTD growth of 1.9% as of the last NAV date of February compared to 1.5% loss in the benchmark index reporting a outperformance of 3.4%. The fund is currently 9% in cash as we look forward to deploying it in better looking opportunities. We continue to look at interesting names in the financial sector with a focus on how rising interest rates may affect the banking industry. We are also monitor dividend announcements for high FCF companies.

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	-1.3%	-4.0%	2.7%
YTD[3]	1.9%	-1.5%	3.4%
1 Year	-5.9%	-16.7%	10.8%
3 Year	33.6%	12.6%	21.0%
5 Year	38.5%	27.2%	11.3%
Since Inc.	35.7%	-24.7%	60.4%

[1] Performance is net of fees; return is cumulative
[2] S&P Pan Arab Composite Index
[3] As of 22nd February 2023

Top 5 Holdings

Holding	% of Fund
Saudi National Bank	6.5
Adnoc Drilling Company	5.5
Al Rajhi Bank	5.3
Saudi Telecom Company	4.9
Qatar Gas Transport	4.1

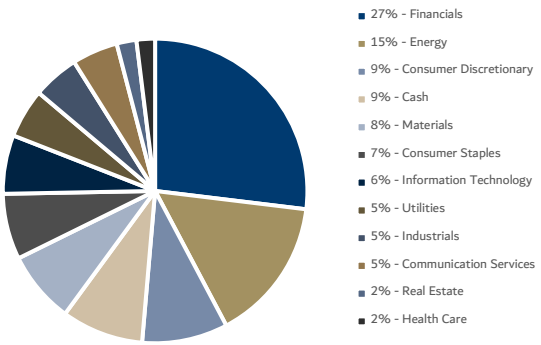
Fund Analysis

Matrix[4]	Fund	Benchmark
Standard Deviation	13.9%	15.9%
Tracking Error	5.6%	
Beta	0.8	
No. of Holdings	31	

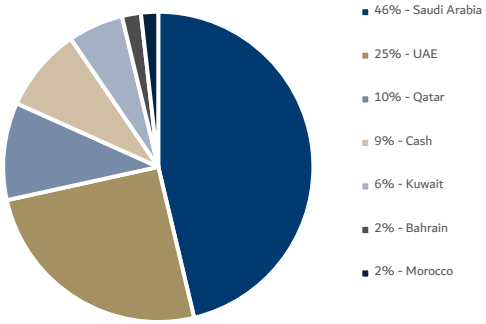
Fund Information

Fund Manager	Sherif El Haddad
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

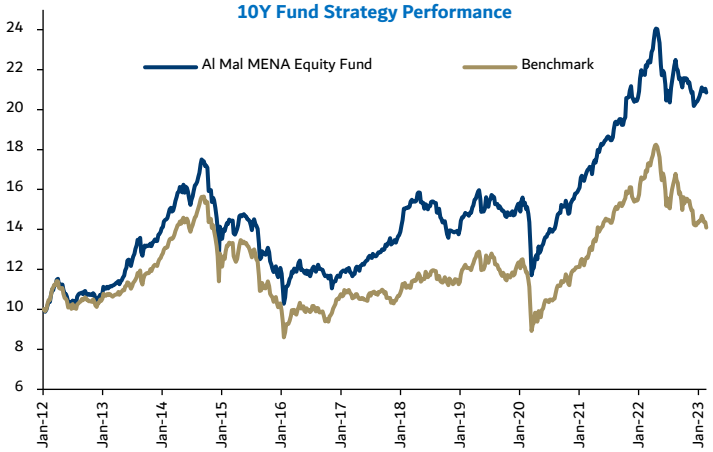
Sector Allocation



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

February 2023

NAV Per Unit: AED 1.59

Fund Manager Commentary

The international markets that previously showed strong growth in January came under selling pressure. However, both S&P500 and NASDAQ experienced YTD gains of 3.82% and 10.29% respectively. An unforeseen increase in Treasury yields afflicted stock market performance especially with geopolitical tensions and dire forecasts from bellwethers souring investors' mood. Fears that the Federal Reserve will continue to hike rates up to thwart inflation also put pressure on risky assets.

The local markets experienced mixed performance by the end February as the DFMGI reported YTD gains of 2.41% whilst the Abu Dhabi's ADX Index experienced a fall of 1.51% YTD.

Portfolio Holding DEWA released its 4Q22 preliminary financial results, with consolidated earnings of AED1.5bn (+5% y/y beating estimates of AED1.25bn. Operationally, DEWA's revenue increased 15% y/y to AED6.7bn. This annual growth was driven by: An increase in power and water demand by 6% y/y each; normalization of tariff structure, which saw the elimination of any tariff discounts for specific entities as of 2022 growth in the district cooling segment. Overall, solid results reflecting robust demand growth across DEWA's segments, as well as the implementation of the tariff alignment agreement. The dividend increase above the company's minimal dividend policy was a positive surprise, which boosted its 2022 dividend yield to 8.3%.

The IPO market has become active as we saw the IPO of ADNOC Gas, a large-scale and integrated gas processing company and the only player permitted to process and sell ADNOC's gas reserves. Admission of the Offer Shares for trading on ADX is expected to take place on or around 13 March 2023.

As of February, YTD performance for the Al Mal UAE Equity Fund experienced growth of 1.2% relative to its benchmark which underwent a loss of -0.4%. The fund is currently well diversified with financials accounting for 29% allocation and top-3 stocks account for only 19.0% of the fund portfolio.

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	-0.7%	-1.5%	0.8%
YTD[3]	1.2%	-0.4%	1.6%
1 Year	2.5%	-4.7%	7.2%
3 Year	52.1%	29.0%	23.1%
5 Year	42.3%	15.4%	26.9%
Since Inc.	109.8%	-28.0%	137.8%

[1] Performance is net of fees; return is cumulative
[2] S&P Pan Arab Composite Index
[3] As of 22nd February 2023

Top 3 Holdings

Holding	% of Fund
Adnoc Drilling Company	6.7
Abu Dhabi Ports	6.4
Abu Dhabi Islamic Bank	5.9

Fund Analysis

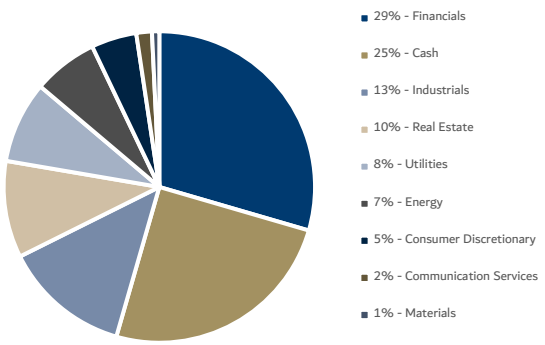
Matrix[4]	Fund	Benchmark
Standard Deviation	16.5%	23.9%
Tracking Error	10.4%	
Beta	0.6	
Dividend Yield 2022	4.0%	
No. of Holdings	21	

[4] Calculated using 3-year weekly data

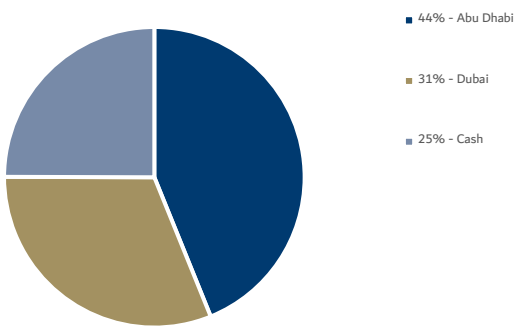
Fund Information

Fund Manager	Faisal Hasan, CFA
Fund Size	AED 52 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

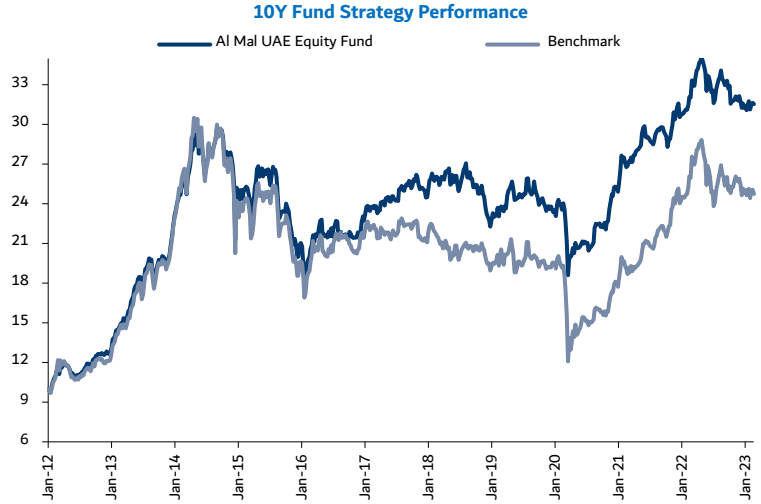
Sector Allocation



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.