Al Mal MENA Equity Fact Sheet

August 2023

NAV Per Unit: USD 12.42

Fund Manager Commentary

The markets have been influenced by several key themes. Firstly, there is a growing divergence in monetary policy prospects. Additionally, there has been a steady decline in inflation, although concerns persist regarding persistent core rates. Another significant factor is China's struggling recovery. In the previous month, Jerome Powell, the Chair of the Federal Reserve, delivered a much-anticipated speech during the annual Jackson Hole Symposium. However, the speech did not introduce any new information and remained consistent with Powell's past remarks. As a result, the uncertainty surrounding the future policies of the Federal Reserve has increased, with decisions heavily reliant on incoming data.

During the month of August, global equity markets experienced selling pressure as reflected by the 2.05% decline in in the MSCI World index. In US, the S&P 500 Index showed a monthly decline of 1.5% while the tech-heavy NASDAQ reported the monthly decline of 1.7%. In the GCC region, MSCI GCC Index was down 2.7% in August. Qatar Index which was the leader last month with the growth of 8.8% saw heavy selling and reported monthly decline of 8.2%. Kuwait Index too declined by 3.1% in the month.

Among our major holdings, AD Ports reported that its revenue saw 66% Y-o-Y growth to AED2bn in 2Q23, mainly driver by the maritime cluster. Two concessions were completed this quarter: a 30-year concession agreement in Congo and a 50-year concession agreement in Karachi Port (Pakistan). Another holding Saudi Aramco earnings reached USD29bn (-7% Q-o-Q) in 2Q23 and surprised the market in 2Q23 by announcing the early activation of its Performance linked Dividends Policy. In UAE, Emaar has seen growth in both malls and hospitality businesses vs 1H22. The hospitality segment has seen healthy occupancy levels close to 65-70%. Emaar plans to add 3,000 keys for the hospitality portfolio in the next 5 years in the GCC including UAE as well as other countries other than GCC.

The fund remains well diversified with 33 names with financials accounting for 25% of the fund. The top-3 holdings constitute 16% of the fund. The fund ended the first half of the year with a growth of 17.8% in YTD basis as compared to index rise of 3.8% in the same period, registering an outperformance (alpha) of 14.0% in the period. In the month of August, the fund registered a fall of -1.0% as compared to a fall of -3.4% seen in the benchmark. We are seeing an increased activity in the primary market in the region and the fund will be actively participating in the new issuances which will change the allocation in the fund portfolio. However, we will maintain a cautious stance as expectations for the global economy is to slow in the second half of the year.

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	-1.0%	-3.4%	2.4%
YTD[3]	17.8%	3.8%	14.0%
1 Year	9.7%	-9.0%	18.7%
3 Year	63.3%	32.7%	30.6%
5 Year	60.2%	27.1%	33.1%
Since Inc.	56.9%	-20.7%	77.6%

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

Holding	Top 5 Holdings	% of Fund
ELM Company		5.9
Adnoc Drilling Company		5.1
Al Rajhi Bank		5.0
Saudi Telecom Company		4.8
Saudi National Bank		4.6

Fund Analysis

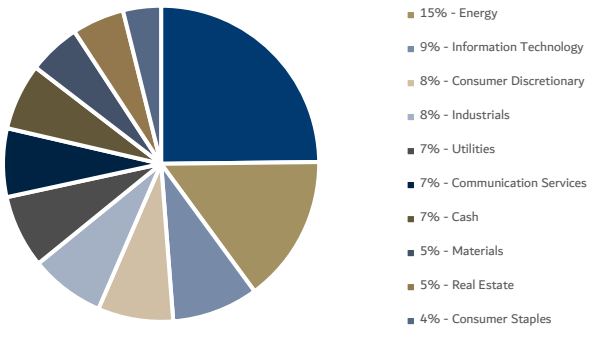
Matrix[4]	Fund	Benchmark
Standard Deviation	10.5%	12.0%
Tracking Error	4.9%	
Beta	0.8	
No. of Holdings	33	

[4] Calculated using 3-year weekly data

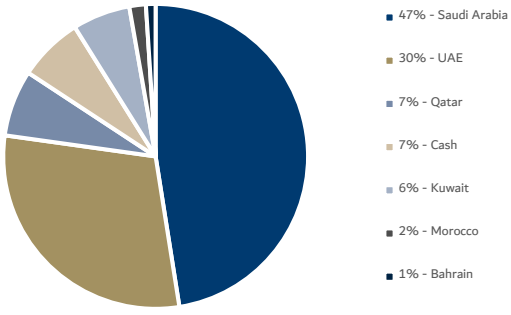
Fund Information

Fund Manager	Faisal Hasan, CFA
Inception Date	15th June 2008
Fund Size	USD 26 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

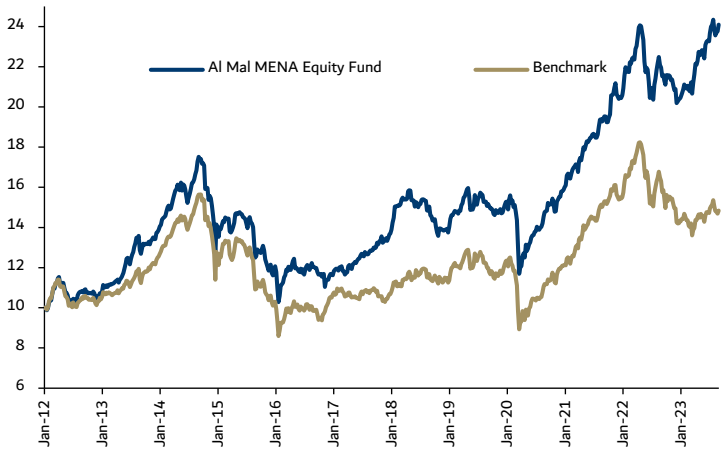
Sector Allocation



Geographic Allocation



10Y Fund Strategy Performance



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Al Mal UAE Equity Fact Sheet

August 2023

NAV Per Unit: AED 1.78

Fund Manager Commentary

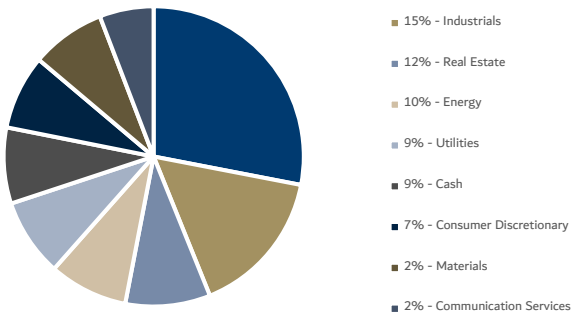
The markets have been influenced by several key themes. Firstly, there is a growing divergence in monetary policy prospects. Additionally, there has been a steady decline in inflation, although concerns persist regarding persistent core rates. Another significant factor is China's struggling recovery. In the previous month, Jerome Powell, the Chair of the Federal Reserve, delivered a much-anticipated speech during the annual Jackson Hole Symposium. However, the speech did not introduce any new information and remained consistent with Powell's past remarks. As a result, the uncertainty surrounding the future policies of the Federal Reserve has increased, with decisions heavily reliant on incoming data.

In August 2023, the DFM index experienced a marginal growth of 0.14% while Abu Dhabi FTSE ADX Index too registered a monthly growth of 0.32%. DFM Index is the best performing index in the region on YTD basis as it registered YTD growth of 22.4% at the end of August. However, FTSE ADX index still is in the red, showing the YTD decline of 3.9% in the same period.

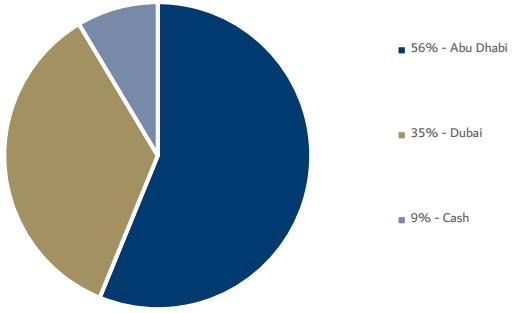
Among our major holdings, Emaar has seen growth in both malls and hospitality businesses vs 1H22. The hospitality segment has seen healthy occupancy levels close to 65-70%. Emaar plans to add c3,000 keys for the hospitality portfolio in the next 5 years in the GCC including UAE as well as other countries other than GCC. AD Ports reported that its revenue saw 66% Y-o-Y growth to AED2bn in 2Q23, mainly driver by the maritime cluster. Two concessions were completed this quarter: a 30-year concession agreement in Congo and a 50-year concession agreement in Karachi Port (Pakistan). Another portfolio company Tabreed is confirmed as preferred bidder for long-term district cooling concession for Hyderabad Pharma City master plan in India. Salik's BoD announced a dividend of AED548mn (DPS 7.3fils) for 1H23. This is in line with Salik's policy to pay out 100% of earnings and provides a dividend yield of 4.6%.

The fund remains well diversified with 23 names with financials accounting for 34% of the fund. The top-3 holdings constitute 20.6% of the fund. The fund ended the first half of the year with a growth of 13.6% in YTD basis as compared to index rise of 5.0% in the same period, registering an outperformance (alpha) of 8.6% in the period. In the month of August, the fund registered a growth of 0.4% as compared to 0.3% seen in the benchmark. We are seeing an increased activity in the primary market in the region and the fund will be actively participating in the new issuances which will change the allocation in the fund portfolio. However, we will maintain a cautious stance as expectations for the global economy is to slow in the second half of the year.

Sector Allocation



Geographic Allocation



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	0.4%	0.3%	0.1%
YTD*	13.6%	5.0%	8.6%
1 Year	10.1%	0.0%	10.1%
3 Years	79.9%	61.5%	18.4%
5 Year	57.7%	25.3%	32.4%
Since Inc.	135.4%	-24.1%	159.5%

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

Top 3 Holdings

Holding	% of Fund
Abu Dhabi Ports	7.0
Adnoc Drilling Company	6.8
Emirates NBD	6.8

Fund Analysis

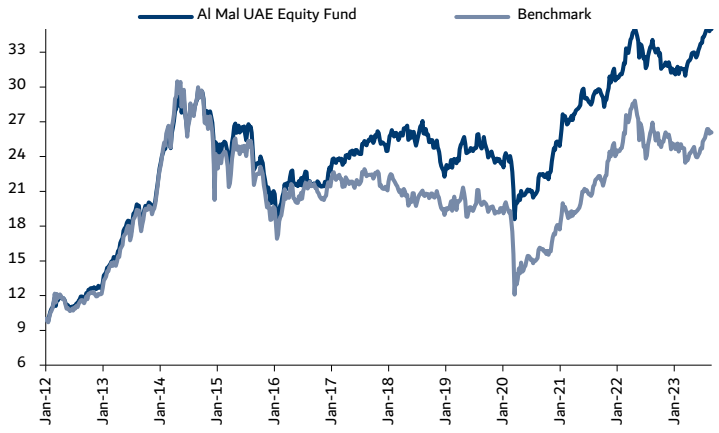
Matrix[4]	Fund	Benchmark
Standard Deviation	11.8%	14. 8%
Tracking Error	6.7%	
Beta	0.7	
Dividend Yield 2022	4.0%	
No. of Holdings	23	

[4] Calculated using 3-year weekly data

Fund Information

Fund Manager	Faisal Hasan, CFA
Fund Size	AED 50 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

10Y Fund Strategy Performance



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