Al Mal MENA Equity Fact Sheet

March 2024

NAV Per Unit: USD 13.11

Fund Manager Commentary

A pivotal question for markets revolves around economic and earnings growth. We expect most central banks to initiate cuts in 2H2024 given more economic weakness. The period ahead is poised to be marked by heightened volatility and pronounced disparities across sectors and individual stocks. While market returns remain robust amid a resilient economy, the evolving investment landscape places greater emphasis on alpha generation.

Optimism pervades MENA region and notable opportunities are identified in Saudi Arabia, the UAE, and Qatar, with a preference for bottom-up investments in domestic demand and infrastructure projects. Egypt's economy received a significant boost from a major investment in real estate by the UAE, surpassing market expectations and heralded as the largest single foreign direct investment in Egypt's history. However, we are still shying away from investing in Egypt stock market due to currency issues.

Among the sectors, S&P is of the view Dubai's residential property market is expected to cool over the next 12-18 months due to increased supply and global economic pressures. Abu Dhabi residential real estate has limited risk of reversal. In KSA, sensitivity to high interest rates and price increases led to a reduction in real estate transactions in 2023. We expect the demand to remain robust backed by Vision 2030 investments attracting new businesses and expats to the country. Interest rate decline from H2 2023 could revive the mortgage after 35% drop in 2023.

In the first quarter of 2024, the fund has deployed most of the cash and is actively participating in the IPOs. The fund remains well diversified with 30 names with financials accounting for 23% of the fund. The top-3 holdings constitute 16.7% of the fund. At the end of 1Q-2024, the fund continued to outperform the market as the fund recorded YTD growth of 5.3% as compared to the benchmark index performance of 1.8% on YTD basis.

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	-0.3%	-2.0%	1.7%
YTD[3]	5.3%	1.8%	3.5%
1 Year	22.6%	11.2%	11.4%
3 Year	58.1%	19.9%	38.2%
5 Year	74.4%	26.4%	48.0%
Since Inc.	72.6%	-16.9%	89.5%

[1] Performance is net of fees; return is cumulative
[2] S&P Pan Arab Composite Index
[3] As of 27th March 2024

Holding	Top 5 Holdings	% of Fund
Sustained Infrastructure Holding Company		6.4
ELM Company		5.9
Saudi National Bank		4.4
Saudi Electricity Company		4.1
Al Khorayef Water and Power Technologies Company		3.9

Fund Analysis

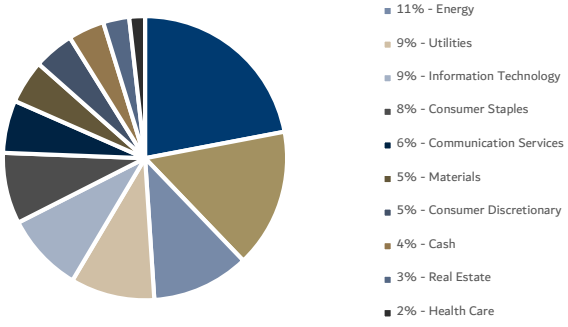
Matrix[4]	Fund	Benchmark
Standard Deviation	10.8%	11.9%
Tracking Error	5.4%	
Beta	0.8	
No. of Holdings	32	

[4] Calculated using 3-year weekly data

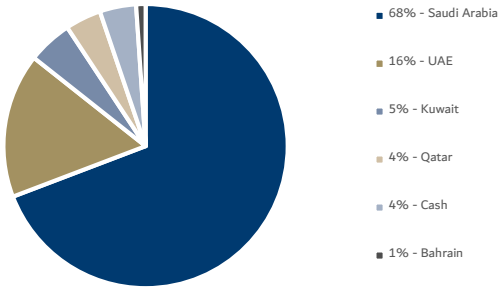
Fund Information

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 50,000
Bloomberg Code	MALMENE BI
Management Fee	1.75%
Benchmark Index	S&P Pan Arab Composite
Fund Type	Open Ended
Administrator	Apex
Custodian	Standard Chartered

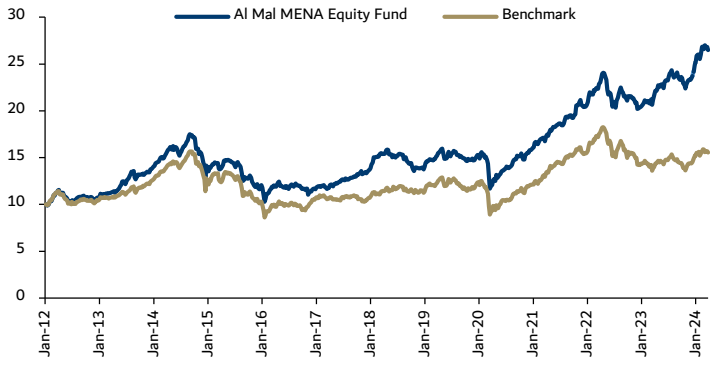
Sector Allocation



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

March 2024

NAV Per Unit: AED 1.77

Fund Manager Commentary

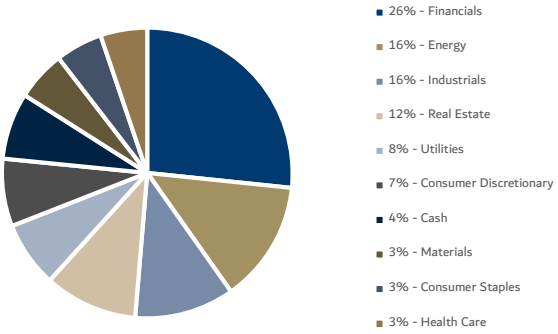
A pivotal question for markets revolves around economic and earnings growth. We expect most central banks to initiate cuts in 2H2024 given more economic weakness. The period ahead is poised to be marked by heightened volatility and pronounced disparities across sectors and individual stocks. While market returns remain robust amid a resilient economy, the evolving investment landscape places greater emphasis on alpha generation.

Optimism pervades MENA region and notable opportunities are identified in Saudi Arabia, the UAE, and Qatar, with a preference for bottom-up investments in domestic demand and infrastructure projects. Egypt's economy received a significant boost from a major investment in real estate by the UAE, surpassing market expectations and heralded as the largest single foreign direct investment in Egypt's history. However, we are still shying away from investing in Egypt stock market due to currency issues.

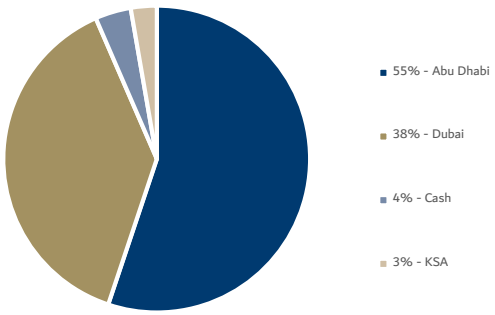
Among the sectors, S&P is of the view Dubai's residential property market is expected to cool over the next 12-18 months due to increased supply and global economic pressures. Abu Dhabi residential real estate has limited risk of reversal. In KSA, sensitivity to high interest rates and price increases led to a reduction in real estate transactions in 2023. We expect the demand to remain robust backed by Vision 2030 investments attracting new businesses and expats to the country. Interest rate decline from H2 2023 could revive the mortgage after 35% drop in 2023.

In the first quarter of 2024, the fund has deployed most of the cash and is actively participating in the IPOs. The fund remains well diversified with 30 names with financials accounting for 23% of the fund. The top-3 holdings constitute 22.1% of the fund. At the end of 1Q-2024, the fund continued to outperform the market as the fund recorded YTD growth of 2.4% as compared to the benchmark index performance of -1.3% on YTD basis.

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	3.1%	-0.7%	3.8%
YTD*	2.4%	-1.3%	3.7%
1 Year	14.0%	7.1%	6.9%
3 Years	49.2%	34.2%	15.0%
5 Year	81.1%	26.1%	55.0%
Since Inc.	143.0%	-26.2%	169.2%

[1] Performance is net of fees; return is cumulative
[2] S&P UAE Domestic 10% Capped Index
[3] As of 27th March 2024

Top 3 Holdings

Holding	% of Fund
Adnoc Drilling Company	7.7
Abu Dhabi Ports	7.4
Dubai Islamic Bank	7.0

Fund Analysis

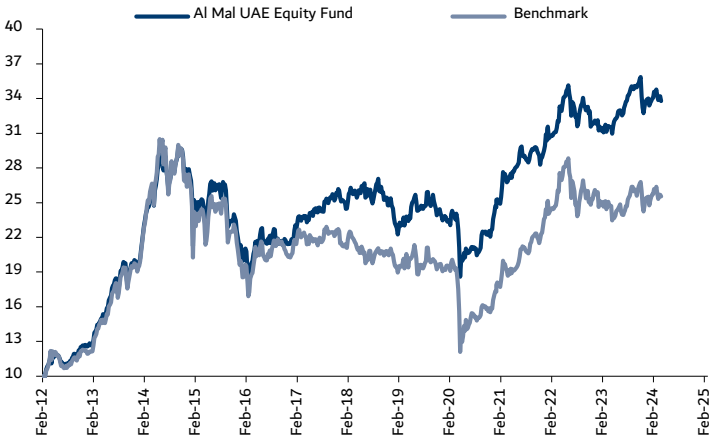
Matrix[4]	Fund	Benchmark
Standard Deviation	10.1%	14.1%
Tracking Error	6.7%	
Beta	0.6	
No. of Holdings	26	

[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



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.