Al Mal MENA Equity Fact Sheet

November 2024

NAV Per Unit: USD 11.89

Fund Manager Commentary

The GCC equity markets declined for the second consecutive month, reflecting a global sell-off in emerging market indices. The downturn was primarily driven by stronger-than-expected economic growth and higher-than-anticipated inflation in the US for October 2024, fuelling speculation that interest rates may remain elevated for a prolonged period. However, we expect the Fed to cut rates by 25 basis points in both December 2024 and January 2025, bringing the federal funds rate to 3.625% by 1H2025.

As a result, the MSCI GCC Index fell by 1.2% in November, with three of the seven GCC benchmarks posting losses. Oman experienced the sharpest monthly drop at 3.9%, followed by Saudi Arabia and Abu Dhabi with declines of 3.2% and 1.0%, respectively. Meanwhile, Dubai outperformed with a 5.7% gain, contributing to marginal positive performances in other GCC indices.

The big story last month was the Saudi 2025 budget that projects a manageable deficit of 2.3% of GDP, down from 2.8% in 2024, supported by sustained high expenditure levels and modestly conservative revenue forecasts. In KSA, government spending remains a key driver of economic support. Budgeted expenditure for 2025 is set to fall by 4.5% compared to 2024, reflecting the non-recurrence of one-off spending this year, but strategic Vision 2030 projects are expected to receive increased funding. Despite the reliance on debt to finance the deficit, Saudi Arabia's debt-to-GDP ratio is projected to remain low at 32.2%, slightly above the government's estimate of 29.9%.

We believe that GCC fiscal spending with the decline in rates are going to be supportive of the markets. The key remains oil price where our view is that Brent crude will remain in the $70-80 range in 2025. There are upside price risks in the short term if Iran's supply decreases due to stricter sanctions enforcement. However, medium-term price risks are tilted to the downside, given the high level of spare capacity.

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	-1.8%	-1.4%	-0.4%
YTD*	0.4%	-1.4%	1.8%
2023	23.1%	9.8%	13.3%
2022	-0.9%	-5.9%	5.0%
2021	29.5%	32.0%	2.5%
Since Inc.	64.5%	-19.5%	84.0%

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

Holding	Top 5 Holdings	% of Fund
ELM Company		5.6
Adnoc Drilling Company		5.1
Adnoc Logistics and Services		5.0
Saudi National Bank		4.4
Al Rajhi Bank		4.0

Fund Analysis

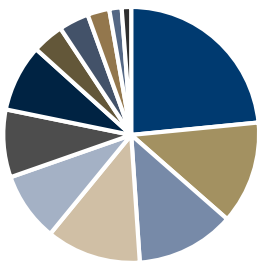
Matrix[4]	Fund	Benchmark
Standard Deviation	11.5%	12.0%
Tracking Error	5.4%	
Beta	0.9	
No. of Holdings	31	

[4] Calculated using 3-year weekly data

Fund Information

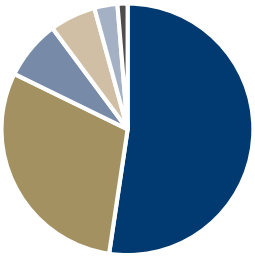
Fund Manager	Faisal Hasan, CFA
Inception Date	15th June 2008
Fund Size	USD 23.2 million
Strategy Size	USD 250 million
Domicile	Bahrain
Currency	USD
Subscription & Redemption	Weekly
Min Subscription	USD 50,000
Bloomberg Code	MALMENE BI
Management Fee	1.75%
Benchmark Index	S&P Pan Arab Composite
Fund Type	Open Ended
Administrator	Apex
Custodian	Standard Chartered

Sector Allocation



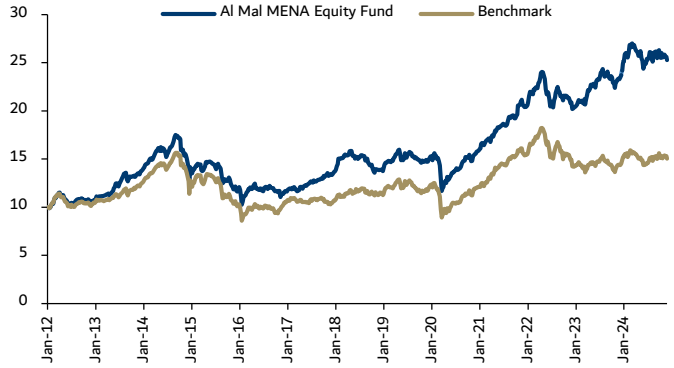
- 23.4% - Financials
- 13% - Industrials
- 12.5% - Energy
- 12% - Consumer Discretionary
- 8.7% - Information Technology
- 8.6% - Cash
- 8.5% - Consumer Staples
- 4% - Materials
- 3.8% - Real Estate
- 2.7% - Communication Services
- 1.6% - Health Care
- 1.2% - Utilities

Geographic Allocation



- 52.3% - Saudi Arabia
- 29.9% - UAE
- 7.6% - Cash
- 5.9% - Qatar
- 3% - Kuwait
- 1.3% - Bahrain

10Y Fund Strategy Performance



Disclaimer

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Al Mal UAE Equity Fact Sheet

November 2024

NAV Per Unit: AED 1.87

Fund Manager Commentary

The GCC equity markets declined for the second consecutive month, reflecting a global sell-off in emerging market indices. The downturn was primarily driven by stronger-than-expected economic growth and higher-than-anticipated inflation in the US for October 2024, fuelling speculation that interest rates may remain elevated for a prolonged period. However, we expect the Fed to cut rates by 25 basis points in both December 2024 and January 2025, bringing the federal funds rate to 3.625% by 1H2025.

As a result, the MSCI GCC Index fell by 1.2% in November, with three of the seven GCC benchmarks posting losses. Oman experienced the sharpest monthly drop at 3.9%, followed by Saudi Arabia and Abu Dhabi with declines of 3.2% and 1.0%, respectively. Meanwhile, Dubai outperformed with a 5.7% gain, contributing to marginal positive performances in other GCC indices.

On corporate profitability, the aggregate net profits of companies listed on GCC exchanges dropped by 3.3% year-on-year (y-o-y) in Q3-2024, while sequentially, profits also fell by 2.0% compared to Q2-2024. The y-o-y decline was primarily driven by an 18.5% decrease in Energy sector profits due to lower oil prices. Additionally, weaker performance in the Real Estate and Food & Beverage (F&B) sectors further weighed on the overall profits of GCC-listed companies. However, robust profit growth in the Banking and Materials sectors helped to partially offset the decline.

We believe that GCC fiscal spending with the decline in rates are going to be supportive of the markets. The key remains oil price where our view is that Brent crude will remain in the $70-80 range in 2025. There are upside price risks in the short term if Iran's supply decreases due to stricter sanctions enforcement. However, medium-term price risks are tilted to the downside, given the high level of spare capacity.

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	1.6%	2.2%	-0.6%
YTD*	14.0%	6.1%	7.9%
2023	14.5%	7.6%	6.9%
2022	6.2%	5.4%	0.8%
2021	32.2%	37.7%	-5.5%
Since Inc.	170.5%	-20.6%	191.1%

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

Top 3 Holdings

Holding	% of Fund
Adnoc Logistics and Services	8.0
Adnoc Drilling Company	7.2
Salik Company	6.3

Fund Analysis

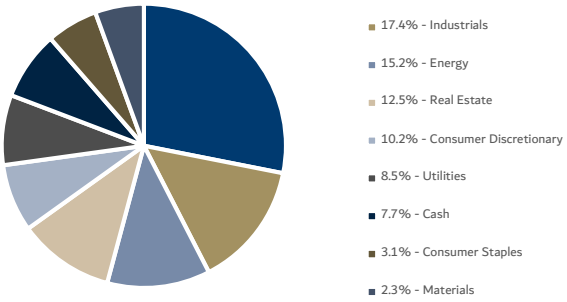
Matrix[4]	Fund	Benchmark
Standard Deviation	10.1%	14.0%
Tracking Error	6.0%	
Beta	0.7	
No. of Holdings	24	

[4] Calculated using 3-year weekly data

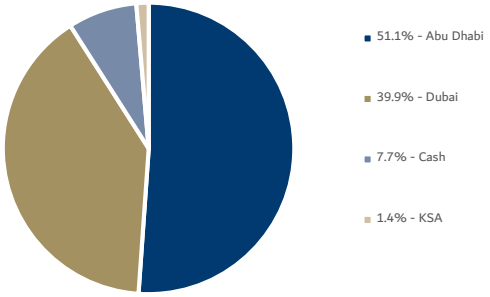
Fund Information

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

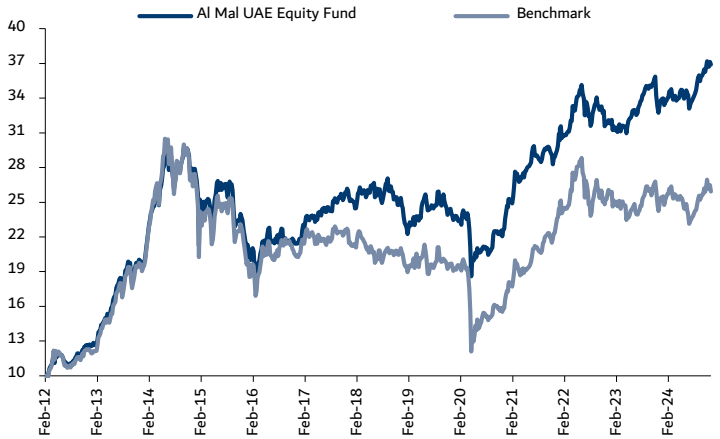
Sector Allocation



Geographic Allocation



10Y Fund Strategy Performance



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