Al Mal MENA Equity Fact Sheet

May 2024

NAV Per Unit: USD 12.05

Fund Manager Commentary

The markets experienced a significant sell-off this month, with the S&P pan Arab Index dropping by 5.8% primarily due to a steep decline of 7.2% in the Saudi Index. Additionally, the Qatar market has seen a 14% decrease on a year-to-date basis, indicating selling pressure. It is important to note that this differs from the movements in international markets, which has remained positive with the S&P index showing a year-to-date gain of 9.8% as of May 2024.

Notably, liquidity in the markets, particularly in Saudi Arabia, has been tight due to the Aramco issuance. Saudi Arabia has confirmed its plans to sell shares in its giant oil company, aiming to raise up to 44.8 billion Saudi riyals ($12 billion) to support its extensive economic transformation plan. The sale of 1.545 billion shares in Saudi Aramco, equivalent to 0.64% of the company's issued shares, will commence on June 2.

The aggregate net profits reported by companies listed on GCC exchanges dropped to the second lowest level in nine quarters during Q1-2024, amounting to USD 56.4 billion compared to USD 61.8 billion in Q1-2023. However, the GCC banking sector experienced a notable increase in aggregate earnings, rising by 11.5% year-on-year or USD 1.5 billion to reach USD 14.5 billion in Q1-2024. The UAE banking sector saw a healthy 15.2% improvement, reaching USD 5.5 billion in earnings, while the Saudi banking sector recorded an 8.2% year-on-year growth during Q1-2024.

We believe that markets will turn back as investor look at improved valuation in quality stocks. We have raised cash levels in the fund to around 8-10% and have been actively participating in the IPOs. The fund remains well diversified with 33 names with financials accounting for 21% of the fund. The top-3 holdings constitute 13.8% of the fund. At the end of May-2024, the fund continued to outperform the market as the fund recorded a decline of YTD of -3.17% as compared to the benchmark index performance of 5.85% 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	-5.8%	-4.5%	-1.3%
YTD*	-3.2%	-5.8%	2.6%
2023	23.1%	9.8%	13.3%
2022	-0.9%	-5.9%	5.0%
2021	29.8%	32.0%	-2.5%
Since Inc.	58.7%	-23.1%	81.8%

[1] Performance is net of fees; return is cumulative
[2] S&P Pan Arab Composite Index
[3] As of 29th May 2024

Holding	Top 5 Holdings	% of Fund
Sustained Infrastructure Holding Company		4.9
ELM Company		4.7
ADNOC DRILLING Company		4.2
Al Khorayef Water and Power Technologies Company		4.2
Saudi National Bank		4.2

Fund Analysis

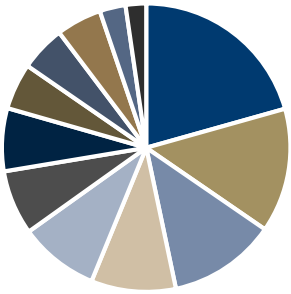
Matrix[4]	Fund	Benchmark
Standard Deviation	11%	11.8%
Tracking Error	5.3%	
Beta	0.8	
No. of Holdings	33	

[4] Calculated using 3-year weekly data

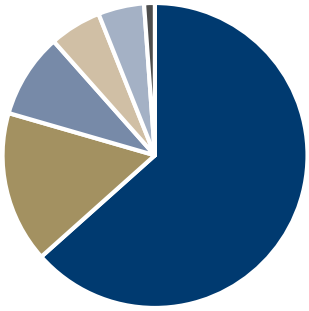
Fund Information

Fund Manager	Faisal Hasan, CFA
Inception Date	15th June 2008
Fund Size	USD 24.4 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

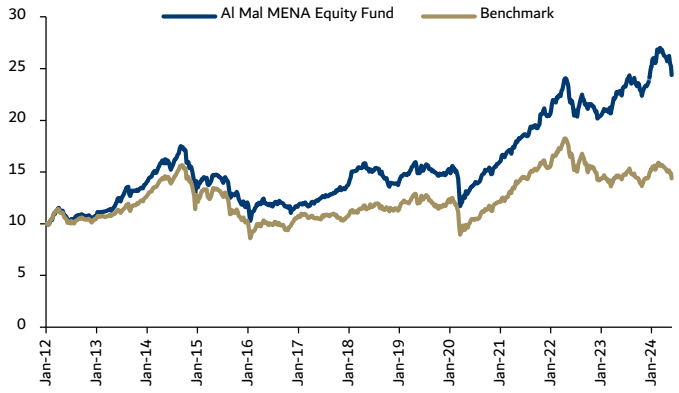
Sector Allocation



Geographic Allocation



10Y Fund Strategy Performance



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Al Mal UAE Equity Fact Sheet

May 2024

NAV Per Unit: AED 1.68

Fund Manager Commentary

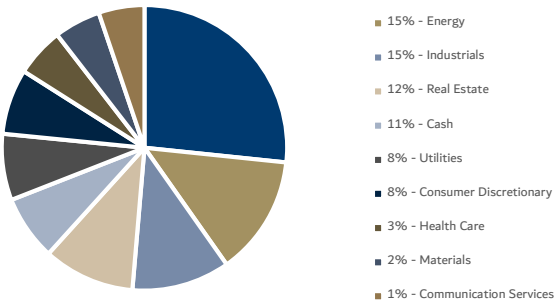
We saw significant sell-off in the markets this month with S&P UAE Index down by 5.26% resulting in YTD decline of 10%. Dubai DFM index is in the red, down by 2.0% while Abu Dhabi ADX index is recording decline of 7.8% on YTD basis. However, the economic news remains strong, as the UAE economy grew by 3.6% in 2023 with the non-oil economy up by 6.2% according to the Federal Competitiveness and Statistics Centre. Oil GDP fell by 3.1% on the back of the oil production cuts. Also, on the corporate profits, earnings for the UAE banking sector improved by a healthy 15.2% to reach USD 5.5 Bn during Q1-2024.

Among the portfolio stocks, ADNOC offered up a 5.5% stake, equivalent to 880m shares in ADNOCDRI in a secondary sale to institutional investors. The company made it clear that it is targeting MSCI inclusion with this step, where the increased free float should pave the way for inclusion in August. ADNOC plans to increase its target for local manufacturing of critical industrial products to AED 90bn by 2030.

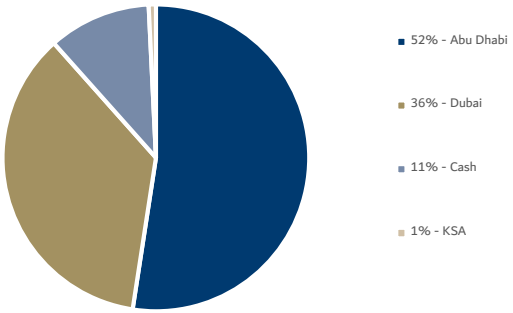
Another holding AD Ports Group and the Economic Development Board of Madagascar announced that it will focus on different areas for potential cooperation including free zones, ports and digitalization of logistics and maritime services.

We believe that markets will turn back as investor look at improved valuation in quality stocks. We have raised cash levels in the fund to around 8-10% and have been actively participating in the IPOs. The fund remains well diversified with 27 names with financials accounting for 25% of the fund. The top-3 holdings constitute 20.4% of the fund. At the end of May-2024, the fund continued to outperform the market as the fund receded YTD -2.95% as compared to the benchmark index performance of -10% 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	-3.7%	-5.3%	1.6%
YTD*	-2.9%	-10.0%	7.1%
2023	14.5%	7.6%	6.9%
2022	6.2%	5.4%	0.8%
2021	33.2%	37.7%	-4.5%
Since Inc.	130.3%	-32.7%	163.0%

[1] Performance is net of fees; return is cumulative
[2] S&P UAE Domestic 10% Capped Index
[3] As of 29th May 2024

Top 3 Holdings

Holding	% of Fund
Adnoc Drilling Company	7.4
Abu Dhabi Ports	6.8
Dubai Islamic Bank	6.2

Fund Analysis

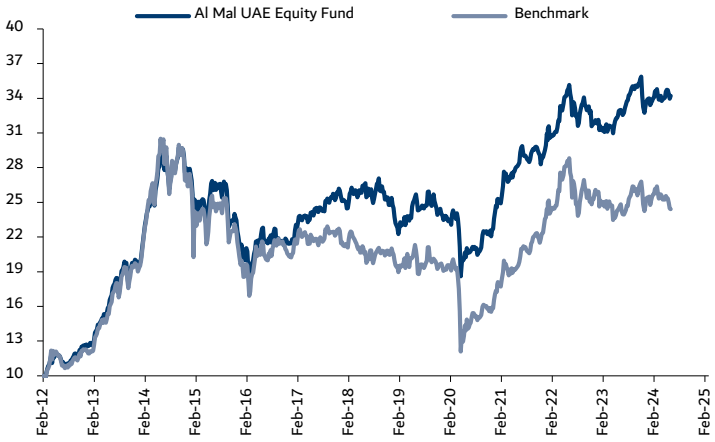
Matrix[4]	Fund	Benchmark
Standard Deviation	10.4%	14.3%
Tracking Error	6.7%	
Beta	0.7	
No. of Holdings	27	

[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

10Y Fund Strategy Performance



Disclaimer

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