



Fund Manager Commentary

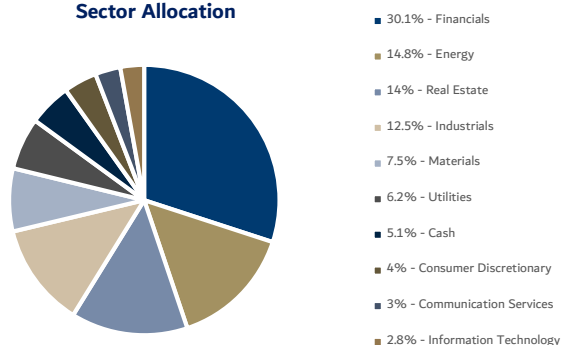
Negative global sentiment weighed on GCC equity market performance during June 2026, with Tadawul All Share Index declining for the third consecutive month. Despite the pullback, the Saudi benchmark remained in positive territory with a year-to-date gain of 2.9%. Heightened regional geopolitical uncertainty, stemming from the US-Iran conflict and disruptions in the Strait of Hormuz, further added to the downward pressure on regional equities. At the country level, Oman's MSX 30 recorded the sharpest decline, falling 3.2%, followed by Qatar Exchange Index and Saudi Arabia's Tadawul All Share Index, which declined by 3.0% and 2.5%, respectively. In contrast, UAE equity markets outperformed the broader region, with the Dubai Financial Market General Index gaining 3.4% and the FTSE ADX General Index advancing 1.1%. Oman remains up 28% on YTD basis till June-2026.

The FOMC kept its policy rate unchanged at 3.75% (upper bound) yesterday in Kevin Warsh's first meeting as Fed Chair. The overall tone, including the dot plot and Summary of Economic Projections (SEP), was more hawkish than markets had anticipated. GCC central banks remained on hold in line with the Fed. While the region continues to absorb a higher-for-longer rate environment, inflation remains broadly contained across the GCC but the recovery in sectors such as tourism, trade, and logistics will depend more on a resolution of the Iran crisis than on monetary easing. For GCC banks, this creates a differentiated backdrop: institutions with strong CASA franchises, faster asset repricing, and healthy liquidity should continue to outperform, while wholesale-funded lenders may face margin pressure.

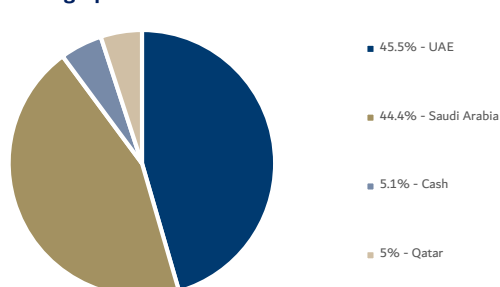
In Saudi Arabia, final data for Q1 2026 confirmed that real GDP growth slowed to 3.0% year-on-year, down from 5.2% in Q4 2025. Despite this slowdown, key areas of resilience remain intact, particularly the prospect of stronger oil revenues and the availability of alternative trade and logistics routes via Red Sea ports. In a significant reform, on 22 June 2026, the Saudi Cabinet approved designated zones where non-Saudis may own real estate. The framework is supportive for the Saudi real estate sector, opening a new source of direct demand while improving broader investor sentiment. That said, the benefits will vary significantly depending on each company's exposure to development projects and land within the approved zones.

Among corporate earnings, aggregate net profits for companies listed across GCC exchanges rose 15.5% year-on-year in Q1 2026, reaching a record quarterly high of USD67.9 billion compared to USD58.8 billion a year earlier. Profit growth was led by energy companies, most notably Saudi Aramco, followed by banks and selected industrial sectors including F&B and capital goods. Meanwhile, May PMI readings suggest regional non-oil activity is stabilising after the sharp deterioration seen in March and April. Saudi Arabia's PMI rose to 52.8 from 51.5, while the UAE improved to 52.6 from 52.1. Kuwait and Egypt remained in contraction but showed signs of moderating weakness.

Sector Allocation



Geographic Allocation



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	3.1%	0.3%	2.8%
YTD*	-0.5%	0.3%	-0.8%
2025	-4.8%	0.5%	-5.3%
2024	3.0%	1.9%	1.1%
2023	23.1%	9.8%	13.3%
Since Inc.	59.9%	-16.2%	76.1%

¹ Performance is net of fees; return is cumulative

² S&P Pan Arab Composite Index

³ As of 30th June 2026

Holding	Top 5 Holdings	% of Fund
Saudi National Bank		6.9
Al Rajhi Bank		6.7
Adnoc Gas PLC		6.1
East Pipes Integrated Company for Industry LJSC		5.5
Emaar Properties		5.4

Fund Analysis

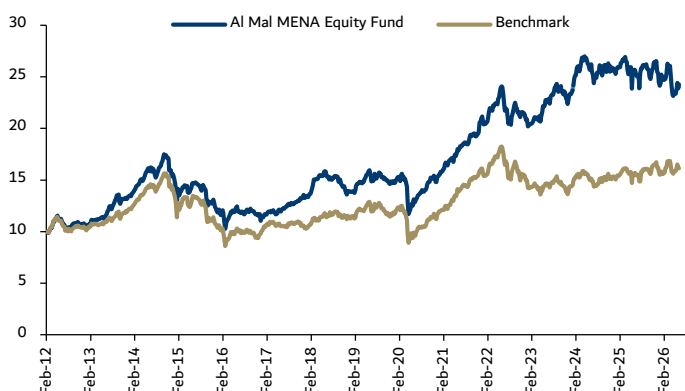
Matrix ⁴	Fund	Benchmark
Standard Deviation	14.0%	11.5%
Tracking Error	7.1%	
Beta	1.0	
No. of Holdings	26	

⁴ Calculated using 3-year weekly data

Fund Information

Fund Manager	Faisal Hasan, CFA
Inception Date	15th June 2008
Fund Size	USD 22.4 million
Strategy Size	USD 250 million
Domicile	Bahrain
Currency	USD
Subscription & Redemption	Weekly
Min Subscription	USD 50,000
Bloomberg Code	MALMENE BI
ISIN Code	BH0003764U21
Management Fee	1.75%
Benchmark Index	S&P Pan Arab Composite
Fund Type	Open Ended
Administrator	Apex
Custodian	Standard Chartered

10Y Fund Strategy Performance



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Fund Manager Commentary

UAE market recorded decent growth with FTSE ADX General Index gaining 1.1% in June 2026, recovering from the 0.8% decline recorded in May 2026, to close the month at 9,804.16 points. Meanwhile, the Dubai Financial Market General Index rose sharply by 3.4% during the month, rebounding from a marginal 0.1% decline in May 2026, and emerged as the best-performing market across the GCC in June 2026. On YTD basis ADX is down 1.9% while DFM is down 1.5% at the end of first half of 2026.

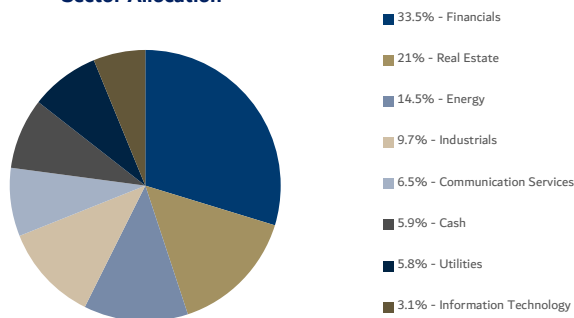
The FOMC kept its policy rate unchanged at 3.75% (upper bound) yesterday in Kevin Warsh's first meeting as Fed Chair. The overall tone of communication — including the dot plot and Summary of Economic Projections (SEP) — was more hawkish than markets had anticipated. A notable shift also emerged in forward guidance, with a shorter policy statement that removed the outlook section entirely, signalling less commitment to a defined policy path. In line with the Fed, the Central Bank of the United Arab Emirates also remained on hold. While the region continues to navigate a higher-for-longer rate environment, any meaningful recovery in the most affected sectors — tourism, trade, logistics, and services — will depend far more on a resolution to the Iran crisis than on monetary easing.

The UAE's exit from OPEC on 1 May 2026, alongside rising capex, is expected to provide strong medium- and long-term support to the economy. The move gives the UAE greater flexibility to accelerate oil investment and maximise revenues, while the reopening of the Strait of Hormuz under the US-Iran deal is a positive development for energy flows. ADNOC's USD150 billion investment plan for 2026–2030 to expand crude, gas, downstream and industrial capacity should strengthen medium-term growth and the external balance. At the same time, investments in alternative export routes bypassing Hormuz are accelerating, reinforcing supply-chain resilience.

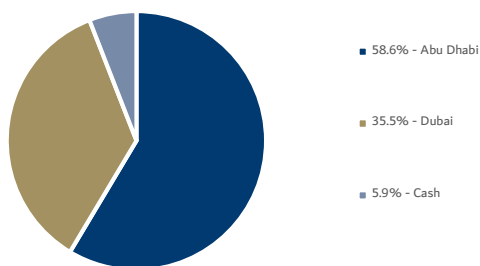
Domestically, infrastructure spending remains a key growth pillar. In Dubai, the newly announced AED34 billion Gold Line metro project complements the AED56.5 billion Blue Line already under construction. Together, these projects will improve connectivity across major real estate hubs and support over 1.5 million residents, adding momentum to economic activity and reinforcing the UAE's broader capex super-cycle.

UAE equity markets have turned negative again for the year, and while this remains more resilient than many expected given the prolonged conflict, both markets have reversed from gains seen just last week and are now testing key technical levels. The challenge remains that investors want UAE exposure, but uncertainty and headline-driven geopolitical risks are still elevated. As we move into the quieter summer months, thinner liquidity may mask an active repricing of risk beneath the surface. From here, markets are likely to reward visibility, discipline and selective positioning — particularly around the UAE's capex super-cycle and defensive sectors. In this environment, it is less about being early and more about being right.

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	5.0%	5.5%	-0.5%
YTD*	-1.6%	-2.4%	0.8%
2025	8.5%	15.1%	-6.6%
2024	17.9%	12.2%	5.7%
2023	14.5%	7.6%	6.9%
Since Inc.	198.5%	-5.7%	204.2%

¹ Performance is net of fees; return is cumulative

² S&P UAE Domestic 10% Capped Index

³ As of 30th June 2026

Top 3 Holdings

Holding	% of Fund
Emirates NBD PJSC	8.9
First Abu Dhabi Bank PJSC	8.9
Emaar Properties PJSC	8.6

Fund Analysis

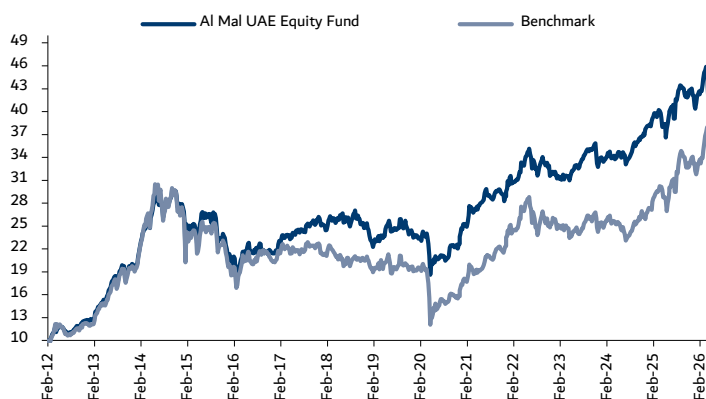
Matrix ⁴	Fund	Benchmark
Standard Deviation	13.9%	15.8%
Tracking Error	5.0%	
Beta	0.8	
No. of Holdings	19	

⁴ Calculated using 3-year weekly data

Fund Information

Fund Manager	Faisal Hasan, CFA
Fund Size	AED 56 million
Domicile	UAE
Currency	AED
Subscription & Redemption	Weekly
Min Subscription	AED 40,000
ISIN Code	AEA003630026
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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