Al Mal MENA Equity Fact Sheet

September 2026

NAV Per Unit: USD 11.05

Fund Manager Commentary

The Al Mal Capital MENA Equity Fund outperformed the S&P GCC Pan Arab Composite Index in September 2026, despite a sharp pullback in Saudi Arabia (-6.2%) that reversed August's rally, as renewed attacks on energy infrastructure and shipping routes combined with the US Federal Reserve's first rate hike since 2023 to weigh on sentiment. Qatar (-5.7%) also declined, its fourth consecutive monthly fall, while the UAE was a relative bright spot (DFM +2.1%, ADX +0.6%). Oman (-0.5%) was broadly flat. Egypt (-5.4%) and Morocco (-4.9%) also declined sharply. In 3Q-2026, Egypt (+2.8%), the UAE (ADX +2.7%, DFM +0.1%), Kuwait (+0.9%) and Oman (+0.8%) finished higher, while Saudi Arabia (-3.3%), Bahrain (-6.6%) and Qatar (-9.7%) declined. During the month, we increased our geographical exposure to Oman (12% as of end-Sep) and balanced the remaining exposure between Saudi Arabia (41%) and the UAE (41%). We maintained our exposure to Kuwait (3%) and reduced our Qatar exposure to zero.

At the market level, September was driven by geopolitics rather than earnings. In Saudi Arabia, drone strikes in the second week of the month shut the East-West oil pipeline, halted loadings at Yanbu, while Houthi strikes in southern Saudi Arabia continued. Equities initially showed resilience, with Aramco falling only c.2% in the days after the shutdown, but the TASI drifted lower into month-end, closing at its lowest level of the month on 30 September. UAE equities held up better, supported by the fastest expansion in non-oil private-sector activity since December 2024 (August PMI), though gains faded in the final days as hopes for a US-Iran deal receded.

On the macro front, the Fed raised rates by 25bps to 3.75%-4.00% on 16 September, with the median projection pointing to another hike by year-end. In line with their dollar pegs, Saudi Arabia (repo rate 4.50%) and the UAE (base rate 3.90%) followed with 25bps increases, as did Qatar, Oman and Bahrain, while Kuwait held. Oil rebounded sharply, with Brent up c.11% in the month, its largest monthly gain since July. Brent jumped to nearly USD110/bbl after the pipeline shut, then eased as the line restarted around 22 September and Yanbu loadings resumed on 29 September. Brent ended the month near USD100/bbl as US-Iran talks stalled.

In Saudi Arabia, the Ministry of Finance's pre-budget statement, released on 30 September, projects a 2027 fiscal deficit at 3.6% of GDP, to be funded through borrowing under the medium-term debt strategy. The statement also marks a sharp downgrade to the 2026 outlook: real GDP is now expected to decline 3.6% (prior forecast +4.6%) on a projected 21.8% drop in oil activity, and the higher than estimated 2026 deficit. The ministry expects a rebound to real GDP growth of 12.8% in 2027.

Looking ahead, we expect the Middle East conflict and the path of Hormuz and Red Sea shipping flows to remain the dominant drivers, with higher US and GCC rates a new headwind for valuations and credit growth. We remain constructive on Saudi Arabia given strong underlying fundamentals and structural growth, and see the September pullback as an opportunity, with a possible easing of foreign ownership limits, which the CMA has said it will review in 2026, a potential catalyst. In the UAE, we still expect the economy to rebound from its crisis lows. Key to watch: travel and tourism, loan growth and real estate demand. Oman continues to differentiate itself as the lesser impacted market, with its push toward emerging-market classification a potential passive tailwind ahead of FTSE Russell's annual country classification review, typically published in early October. We remain neutral on Kuwait.

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	-1.7%	-4.9%	3.2%
YTD*	-0.1%	-1.3%	1.2%
2025	-4.8%	0.5%	-5.3%
2024	3.0%	1.9%	1.1%
2023	23.1%	9.8%	13.3%
Since Inc.	60.6%	-17.5%	78.1%

[1] Performance is net of fees; return is cumulative
[2] S&P Pan Arab Composite Index
[3] As of 30th Sep. 2026

Top 5 Holdings

Holding	% of Fund
AL RAJHI BANK	7.8
SAUDI NATIONAL BANK	7.0
EMAAR PROPERTIES PJSC	6.0
ABU DHABI COMMERCIAL BANK	4.5
ADNOC GAS PLC	4.2

Fund Analysis

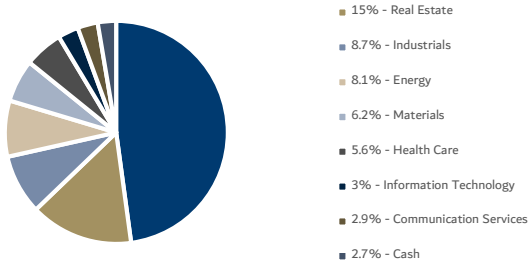
Matrix[4]	Fund	Benchmark
Standard Deviation	13.3%	11.6%
Tracking Error	7.5%	
Beta	1.0	
No. of Holdings	27	

[4] Calculated using 3-year weekly data

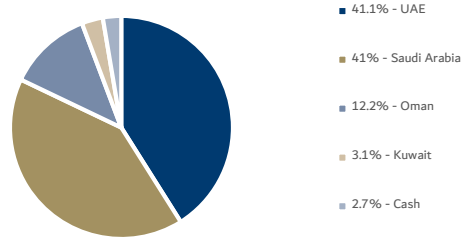
Fund Information

Fund Manager	Faisal Hasan, CFA
Inception Date	15th June 2008
Fund Size	USD 22.5 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

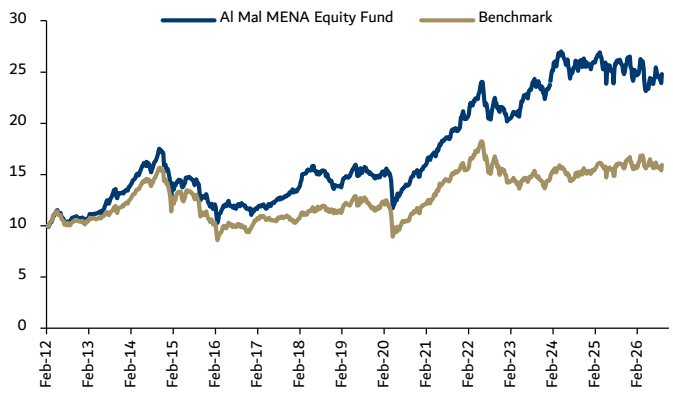
Sector Allocation



Geographic Allocation



10Y Fund Strategy Performance



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Al Mal UAE Equity Fact Sheet

September 2026

NAV Per Unit: AED 2.08

Fund Manager Commentary

UAE equity markets recorded gains in September 2026, despite regional tensions and higher interest rates. The FTSE ADX General Index advanced approximately 0.63% during the month to close at 10,070, while the DFM General Index gained approximately 2.13% to end at 5,961. However, both markets retreated towards month-end as investors assessed developments in US–Iran negotiations and their implications for regional stability.

Interest rates were a significant development during September. On 16 September, the Federal Reserve unanimously raised its benchmark rate by 25 basis points to 3.75%–4.00%, citing elevated inflation and reaffirming its commitment to the 2% inflation target. The Central Bank of the UAE subsequently increased its Base Rate from 3.65% to 3.90%, effective 17 September. For UAE equities, tighter monetary conditions increased attention on financing costs, mortgage affordability, and the relative attractiveness of dividend yields. The impact on banks will depend on the balance between loan repricing, deposit costs, and credit demand.

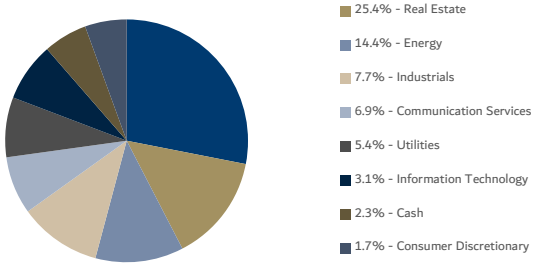
Domestic business activity remained supportive. Survey data released in early September showed the UAE Purchasing Managers' Index rising to 55.3 in August from 52.7 in July, reflecting stronger output and new business. The improvement indicated renewed momentum in the non-oil private sector and reinforced confidence in domestic demand.

Tourism and hospitality data released in September showed encouraging signs of recovery, providing a positive backdrop heading into October. Dubai tourism data released during the month showed hotel occupancy recovering to 66% in August, compared with 36% in March. Occupancy is expected to strengthen further from October as the winter tourism season, business events and improving international air connectivity support visitor demand. This anticipated improvement represents a positive catalyst, although the pace of recovery remains dependent on travel confidence and regional stability.

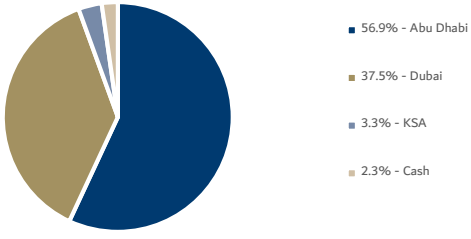
Internationally, US–Iran negotiations remained a principal driver of regional sentiment. September discussions explored a phased reopening of the Strait of Hormuz and the lifting of the US blockade, with Qatar facilitating diplomatic exchanges. By month-end, Iran had received US feedback on its seven-day proposal, but disagreements over sequencing remained unresolved.

We remain selective on UAE equities. Domestic business resilience and the improving tourism outlook provide support, but higher interest rates and unresolved geopolitical risks could constrain valuations and new investment demand. Within this environment, we favor companies with strong balance sheets, dependable cash generation, disciplined capital allocation, and sustainable dividend capacity. Further recovery in hotel occupancy, alongside durable progress in diplomacy and shipping security, would support broader investor confidence.

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	2.0%	1.9%	0.1%
YTD*	4.0%	2.1%	1.9%
2025	8.5%	15.1%	-6.6%
2024	17.9%	12.2%	5.7%
2023	14.5%	7.6%	6.9%
Since Inc.	215.5%	-1.3%	216.8%

[1] Performance is net of fees; return is cumulative
[2] S&P UAE Domestic 10% Capped Index
3 As of 30th Sep 2026

Top 3 Holdings

Holding	% of Fund
First Abu Dhabi Bank PJSC	9.5
Emaar Properties PJSC	9.0
Emirates NBD PJSC	8.8

Fund Analysis

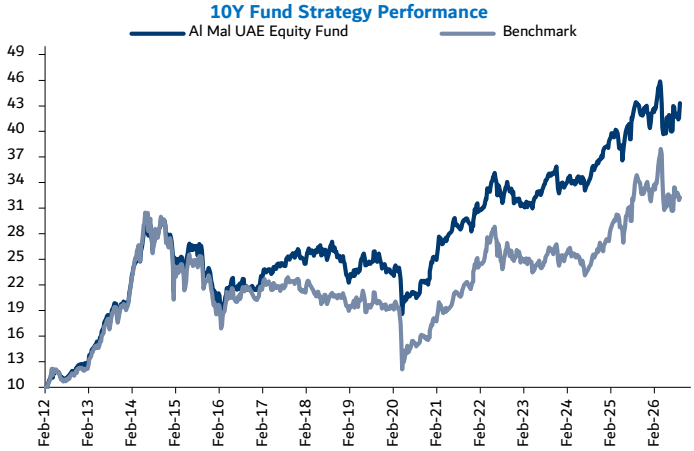
Matrix[4]	Fund	Benchmark
Standard Deviation	14.2%	16.0%
Tracking Error	7.3%	
Beta	0.8	
No. of Holdings	20	

[4] Calculated using 3-year weekly data

Fund Information

Fund Manager	Faisal Hasan, CFA
Fund Size	AED 59 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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