AL MAL CAPITAL

MONTHLY FACT SHEETS

# August 2009



AL MAL UAE EQUITY FUND

AL MAL MENA EQUITY FUND

AL MAL MENA INCOME FUND

AL MAL LIQUIDITY FUND (AED)

Office 302, Burj Dubai Square 4, Sheikh Zayed Road, P.O.Box 119930, Dubai, UAE
Tel: +971 4 360 1111, Fax: +971 4 360 1122, www.almalcapital.com

AL MAL CAPITAL

# Al Mal Investment Funds - Performance Review

## Equity Funds

| For 26th August | Launch Date | NAV Per Unit | Week To Date | Month To Date | YTD 2009 | Since Inception |
|---|---|---|---|---|---|---|
| Al Mal UAE Equity Fund | April 2006 | AED 0.74* | 3.90% | 4.42% | 41.32% | (25.65%) |
| MSCI UAE Index | | | 6.58% | 8.24% | 35.88% | (71.13%) |

| For 26th August | Launch Date | NAV Per Unit | Week To Date | Month To Date | YTD 2009 | Since Inception |
|---|---|---|---|---|---|---|
| Al Mal MENA Equity Fund | June 2008 | USD 6.43 | 2.39% | 1.10% | 22.48% | (35.70%) |
| MSCI Arabian Markets Index | | | 3.57% | 4.04% | 20.40% | (44.07%) |

## Income Funds

| For 26th August | Launch Date | NAV Per Unit | Current Yield | Month To Date | YTD 2009 | Since Inception |
|---|---|---|---|---|---|---|
| Al Mal MENA Income Fund | Feb 2009 | USD 10.30* | 7.76% | 0.96% | 3.05% | 3.05% |
| Inclusive of Dividends Paid | | | | 0.93% | 6.25% | 6.25% |

| For 26th August | Launch Date | NAV Per Unit | Annualized Return (Net) | Month To Date | YTD 2009 | Since Inception |
|---|---|---|---|---|---|---|
| Al Mal Liquidity Fund (AED) | April 2009 | AED 1.02* | 4.78% | 0.37% | 1.85% | 1.85% |

* Please note that NAV Per Unit is rounded to two decimal places for reporting purposes only. The actual NAV Per Unit for trading purposes is calculated to six decimal places.

AL MAL CAPITAL

Monthly Factsheet

# Al Mal UAE Equity Fund

**NAV: AED 0.743479** **26 August 2009**

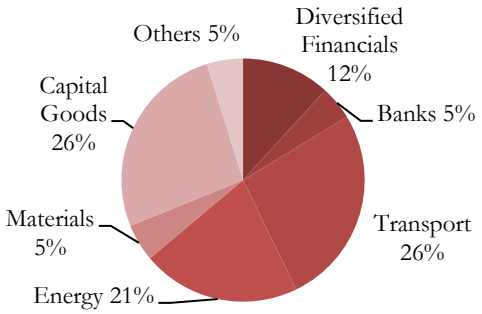
## Fund Manager Comment

The Al Mal UAE Equity Fund was up 4.4% for the month of August versus an increase of 8.2% for the MSCI UAE Index. The Fund has outperformed the benchmark by 45.5% since its launch in April 2006.

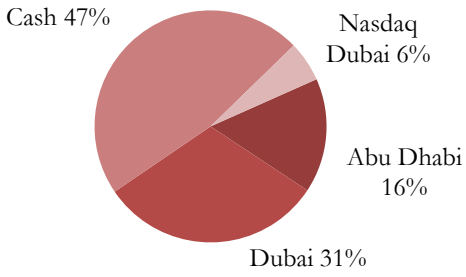
The UAE market recorded gains in August, marking the sixth positive figure in eight months this year, on the back of improving sentiment assisted by higher oil prices and real estate markets that witnessed second derivative slowing. In an attempt to further combat the liquidity squeeze, the UAE Central Bank set out to lower EIBOR rates through liquidity injections, as well as establishing up a new panel of 11 banks to determine EIBOR rates (presumably with the expectation that this would result in further decline and normalization with USD rates). This initial action has resulted in 3-month EIBOR falling by 30bp to 2.14% in a month. Additional stimulus, it appears, will be required to get interbank rates more in line with international levels.

We continue to seek value in entry points but recognize that this is a trader's market for the near term, and have adjusted our approach accordingly. We believe stocks in general are not reacting to improving fundamentals, but rather are moving up because of massive liquidity injection initiatives finding their way into asset markets and this has nearly run its course. As a result of a waning commitment globally to stimulus packages, and therefore a reduction in liquidity, we have been selling into strength in the month of August as we expect a correction in equity markets to result.

## Sector Allocation – Invested Portion




## Geographic Allocation




## Fund Performance

| | August | YTD | 2008 | 2007 | 2006 | Since Inception* |
|---|---|---|---|---|---|---|
| Al Mal UAE Fund | 4.4% | 41.3% | -56.9% | 50.4% | -19.1% | -25.7% |
| MSCI UAE Index | 8.2% | 35.9% | -73.2% | 34.5% | -37.4% | -71.1% |

* Inception Date of the Fund is 5th April 2006

## Fund Key Information

**The Al Mal UAE Equity Fund's objective is to achieve medium to long-term capital growth by investing primarily in equities listed on the Abu Dhabi Stock Exchange (ADX) and Dubai Financial Market (DFM).**

| | |
|---|---|
| Fund Manager | Al Mal Capital |
| Inception Date | 5th April 2006 |
| Fund Registration | UAE |
| Currency | AED |
| Subscription | Weekly |
| Min Subscription | AED 1,000,000 |
| Management Fee | 1.50% |
| Redemption | Weekly |
| Benchmark | MSCI UAE Index |
| Fund Type | Open End |
| Administrator & Custodian | Al Mal Capital |
| Financial Year End | 31st December |
| Auditors | KPMG |
| Zawya Code | MALEQTY.MF |
| Bloomberg Code | MALUAEQ UH |
| RIC Code | LP65038334 |

## Top Holdings

| Portfolio Holding | % of Fund |
|---|---|
| Abu Dhabi National Energy | 7.4 |
| Drake and Scull International | 6.1 |
| Air Arabia | 6.1 |

Al Mal Capital PSC, Office 302, Emaar Square 4, P.O. Box 119930, Dubai – UAE Tel : +971-4-360-1111 Fax: +971-4-360-1122 www.almalcapital.com

This document is provided for informational and illustration purposes only. It does not constitute a solicitation, recommendation or offer to buy or sell any investment product or subscribe to any investment management or advisory service. Past performance of the Fund as illustrated herein is not a guarantee of future returns. Prospective investors in the Fund must obtain and carefully read the Fund's most current Prospectus prior to making an investment in the Fund. The information contained herein, including any expression of opinion, has been obtained from or is based upon sources believed to be reliable, and is believed to be fair and not misleading, however, Al Mal Capital does not guarantee its accuracy or completeness. This document is not for distribution to the general public. It is directed at persons authorized to invest in the Fund and residing in jurisdictions where the Fund is authorized for distribution or where no such authorization is required. The information contained herein must not be reproduced in whole or in part without the prior written consent of Al Mal Capital.

AL MAL CAPITAL

Monthly Factsheet

# Al Mal MENA Equity Fund

**NAV: USD 6.43** **26 August 2009**

## Fund Manager Comment

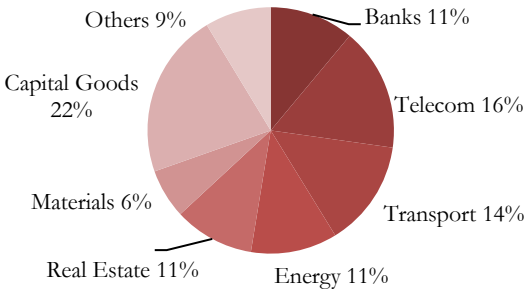
The Al Mal MENA Equity Fund was up 1.1% for the month of August versus 4.0% for the MSCI Arabian Markets Index. The Fund has outperformed the benchmark by 8.4% since its launch in June 2008.

MENA equity markets, along with their global counterparts, have continued to rally in the month of August on the back of another month of improved global sentiment, spurred by better than expected economic data and governments' endless support of their economies.

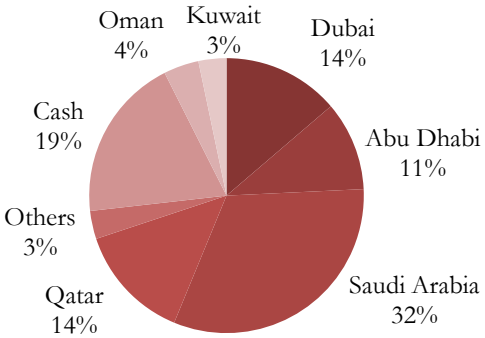
Volatility increased in August compared to recent months. In regional markets, the lack of transparency in companies led to general uncertainty and some underperformance versus global emerging market comparables. In Kuwait, Mobile Telecommunications Company has been the source of numerous rumours relating to the potential sale of a stake in its company and/or African unit, pushing the stock into pricey territory. In Saudi Arabia, the lack of clarity in issues relating to Al Sanea/Al Gosaibi has unsettled bank lending behavior in the country. More constructively, the UAE Central Bank stepped in to lower EIBOR rates in an effort to normalize with USD rates, which helped the market notch decent monthly gains. The Egyptian market continues to remain resilient as their central bank, having decreased interest rates by 350bp, continues to seek to ignite economic growth – putting aside worries of the inflationary effects of this looser policy.

We increased our exposure in August by roughly 8%, and deployed the capital into leading names in Qatar and Saudi Arabia, whose countries have implied government backing or have large hydrocarbon reserves to fend off further economic deterioration - which to date has provided a floor for these markets. However, we have concern for the short term, given MENA markets' correlation with the rest of the world, that a more challenging environment in which to make money is about to appear as we approach the fourth quarter of 2009. We intend to adjust our weightings accordingly to reflect this view.

## Sector Allocation – Invested Portion




## Geographic Allocation




## Fund Performance

| | August | YTD | Since Inception* |
|---|---|---|---|
| **Al Mal MENA Equity Fund** | **1.1%** | **22.5%** | **-35.7%** |
| **MSCI Arabian Markets Index** | **4.0%** | **20.4%** | **-44.1%** |

* Inception Date of the Fund is 15th June 2008

## Fund Key Information

**The objective of the Fund is to achieve significant capital appreciation, primarily through investment in equity and equity related securities in the Middle East and North African markets.**

| | |
|---|---|
| **Fund Manager** | **Al Mal Capital** |
| **Inception Date** | **15th June 2008** |
| **Fund Registration** | **Bahrain** |
| **Currency** | **USD** |
| **Subscription** | **Weekly** |
| **Min Subscription** | **USD 250,000** |
| **Management Fee** | **1.75%** |
| **Redemption** | **Weekly** |
| **Benchmark** | **MSCI Arabian Markets Index** |
| **Fund Type** | **Open End** |
| **Administrator & Custodian** | **HSBC ME** |
| **Financial Year End** | **31st December** |
| **Auditors** | **KPMG** |
| **Zawya Code** | **MALMENA.MF** |
| **Bloomberg Code** | **MALMENE BI** |
| **RIC Code** | **LP65123002** |

## Top Holdings

| Portfolio Holding | % of Fund |
|---|---|
| **Air Arabia** | **6.0** |
| **Saudi Cables** | **4.6** |
| **Dana Gas** | **4.5** |

Al Mal Capital PSC, Office 302, Emaar Square 4, P.O. Box 119930, Dubai – UAE Tel : +971-4-360-1111 Fax: +971-4-360-1122 www.almalcapital.com

This document is provided for informational and illustration purposes only. It does not constitute a solicitation, recommendation or offer to buy or sell any investment product or subscribe to any investment management or advisory service. Past performance of the Fund as illustrated herein is not a guarantee of future returns. Prospective investors in the Fund must obtain and carefully read the Fund's most current Prospectus prior to making an investment in the Fund. The information contained herein, including any expression of opinion, has been obtained from or is based upon sources believed to be reliable, and is believed to be fair and not misleading, however, Al Mal Capital does not guarantee its accuracy or completeness. This document is not for distribution to the general public. It is directed at persons authorized to invest in the Fund and residing in jurisdictions where the Fund is authorized for distribution or where no such authorization is required. The information contained herein must not be reproduced in whole or in part without the prior written consent of Al Mal Capital.

AL MAL CAPITAL

Monthly Factsheet

# Al Mal MENA Income Fund

**NAV: USD 10.30** **26 August 2009**

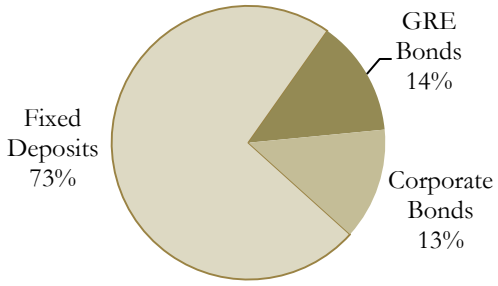
## Fund Manager Comment

The Al Mal MENA Income Fund was up 0.96% for the month of August, and inclusive of dividends has appreciated 6.25% from inception in February.

The regional credit markets continued on their upward trajectory in August, albeit on thin volumes and under quiet summer/Ramadan trading conditions. While there has been a significant and constructive re-rating upward of risk (as we have long anticipated in our commentary) the levels are now at such significantly tighter spreads than six months ago, when new sovereign issuers came to market with exciting offerings, that it gives pause for thought as to how much more room for compression exists from here.

Guidance will likely henceforth be provided by the direction of US Treasury markets in the coming months, and also headline impact from maturing Dubai debt closer to the end of the year. We have little confidence in the outcome of either of these matters. There are still marginal mispricings such as the Aldar credit, which we continue to view as attractive in the mid-7% YTM range inside 5 years, but we continue to collect in excess of 5% in good quality UAE bank deposits, now superior to most recent government issues with longer tenure (for example, the ADGB and Qatar 5 year issues). With an overarching view that risk recognition may rear its head soon, on both the corporate/emerging sovereign credit side as well as the equity markets globally, we are content to sit with a large cash allocation and wait for another entry point.

## Asset Allocation – Invested Portion




## Fund Performance

| | August | YTD 2009* | Since Inception* |
|---|---|---|---|
| Al Mal MENA Income Fund | 0.96% | 3.05% | 3.05% |
| Al Mal MENA Income Fund (Including Dividend) | 0.93% | 6.25% | 6.25% |

* Inception Date of the Fund is 1st Feb 2009

## Fund Key Information

**The Al Mal MENA Income Fund's objective is to pursue an income-oriented investment strategy which permits distribution of periodic and consistent payment of dividends to unit holders, whilst seeking to preserve and grow the capital of the Fund.**

| | |
|---|---|
| Fund Manager | Al Mal Capital |
| Inception Date | 1st February 2009 |
| Fund Registration | Cayman Islands |
| Currency | USD |
| Subscription | Weekly |
| Min Subscription | USD 100,000 |
| Management Fee | 1.50% |
| Redemption | Weekly |
| Fund Type | Open Ended |
| Administrator & Custodian | Al Mal Capital |
| Financial Year End | 31st December |
| Auditors | KPMG |
| Legal Advisors | Al Tamimi & Co. |
| ZAWYA Code | MALMNIF.MF |
| Bloomberg Code | ALMENAI KY |
| Dividend Frequency | Quarterly |
| Next Dividend | September 30, 2009 |

## Top Holdings

| Holding | % of Fund |
|---|---|
| Fixed Deposits | 64.5 |
| Mubadala 7.625% 06/05/2019 | 12.2 |
| Atlantic Finance (Aldar) 8.75% 27/05/2014 | 11.8 |

## Portfolio Analysis

| | |
|---|---|
| Duration | 2.07 Years |
| Avg. YTM (Gross) of Investments | 6.63% |
| Fund Dividend Yield | 7.76% |

Al Mal Capital PSC, Office 302, Emaar Square 4, P.O. Box 119930, Dubai – UAE Tel : +971-4-360-1111 Fax: +971-4-360-1122 www.almalcapital.com

This document is provided for informational and illustration purposes only. It does not constitute a solicitation, recommendation or offer to buy or sell any investment product or subscribe to any investment management or advisory service. Past performance of the Fund as illustrated herein is not a guarantee of future returns. Prospective investors in the Fund must obtain and carefully read the Fund's most current Prospectus prior to making an investment in the Fund. The information contained herein, including any expression of opinion, has been obtained from or is based upon sources believed to be reliable, and is believed to be fair and not misleading, however, Al Mal Capital does not guarantee its accuracy or completeness. This document is not for distribution to the general public. It is directed at persons authorized to invest in the Fund and residing in jurisdictions where the Fund is authorized for distribution or where no such authorization is required. The information contained herein must not be reproduced in whole or in part without the prior written consent of Al Mal Capital.

AL MAL CAPITAL

Monthly Factsheet

# Al Mal Liquidity Fund (AED)

**NAV: AED 1.018522** **26 August 2009**

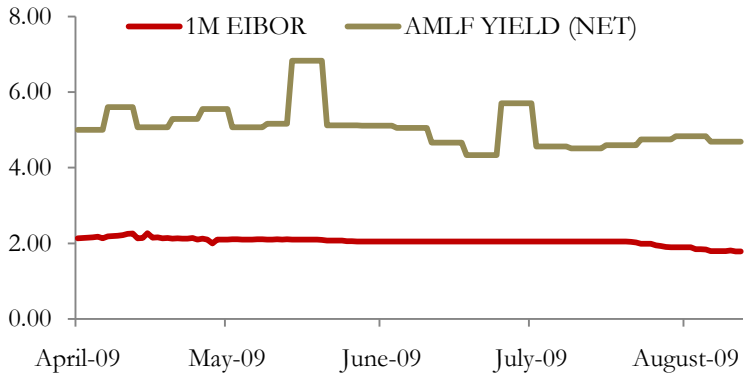
## Fund Manager Comment

The Al Mal Liquidity Fund (AED) was up 0.37% for the month of August and returned 1.85% in absolute terms (4.78% net of fees on annualized basis) to the unit holders since its launch in April 2009.

During the month of August, UAE's interbank interest rate benchmark, the 3 month EIBOR slipped from an annualized rate of 2.44% at the beginning of the month to 2.14% at the end of August. The same benchmark was at 3.09% exactly a year ago.

The Central Bank of the UAE announced the new initiative to create an official EIBOR, which would be a fair representation of market conditions, by nominating 11 banks in the country whose daily rates will be taken for calculation of the benchmark from Sep 1st 2009. The rationale for this is apparent, for in spite of previous efforts, UAE EIBOR continues to remain significantly higher at 2.14% compared to its counterpart SIBOR (for Saudi Arabia) and LIBOR at 0.65% and 0.37% respectively for a 3 month period. Moreover, many banks in the UAE continue to pay well above this prevailing benchmark.

## Fund Performance – Annualized Rates




## Fund Performance

| | August | YTD 2009* | Since Inception* |
|---|---|---|---|
| **Al Mal Liquidity Fund (AED)** | **0.37%** | **1.85%** | **1.85%** |

*Inception Date of the Fund is 15th Apr 2009

## Interest Rate Watch

| | 1 Month | 3 Month | 6 Month | 12 Month |
|---|---|---|---|---|
| **US$ LIBOR** | 0.26 | 0.37 | 0.78 | 1.36 |
| **Euro LIBOR** | 0.40 | 0.80 | 1.00 | 1.34 |
| **EIBOR (UAE)** | 1.79 | 2.14 | 2.44 | 2.73 |
| **KIBOR (Kuwait)** | 0.94 | 1.13 | 1.44 | 1.69 |
| **SAIBOR (KSA)** | 0.30 | 0.65 | 0.98 | 1.25 |

Source: Bloomberg

## Fund Key Information

**The Fund's investment objective is to provide investors with capital preservation and above average money market returns. The assets will be invested primarily in UAE and GCC short term paper and deposit instruments.**

| | |
|---|---|
| **Fund Manager** | **Al Mal Capital** |
| **Inception Date** | **15th April 2009** |
| **Fund Registration** | **UAE** |
| **Currency** | **AED** |
| **Subscription** | **Weekly** |
| **Min Subscription** | **AED 100,000** |
| **Management Fee** | **0.75%** |
| **Redemption** | **Weekly** |
| **Notice Period** | **3 Business Days** |
| **Fund Type** | **Open Ended** |
| **Administrator & Custodian** | **Al Mal Capital** |
| **Financial Year End** | **31st December** |
| **Auditors** | **KPMG** |
| **Legal Advisors** | **Al Tamimi & Co.** |
| **ZAWYA Code** | **MALAEDF.MF** |
| **Bloomberg Code** | **AMALLIQ UH** |

## Key Statistics

| | |
|---|---|
| **Portfolio Duration** | **84 Days** |
| **Annualized Return (Net)** | **4.78%** |

Al Mal Capital PSC, Office 302, Emaar Square 4, P.O. Box 119930, Dubai – UAE Tel : +971-4-360-1111 Fax: +971-4-360-1122 www.almalcapital.com

This document is provided for informational and illustration purposes only. It does not constitute a solicitation, recommendation or offer to buy or sell any investment product or subscribe to any investment management or advisory service. Past performance of the Fund as illustrated herein is not a guarantee of future returns. Prospective investors in the Fund must obtain and carefully read the Fund's most current Prospectus prior to making an investment in the Fund. The information contained herein, including any expression of opinion, has been obtained from or is based upon sources believed to be reliable, and is believed to be fair and not misleading, however, Al Mal Capital does not guarantee its accuracy or completeness. This document is not for distribution to the general public. It is directed at persons authorized to invest in the Fund and residing in jurisdictions where the Fund is authorized for distribution or where no such authorization is required. The information contained herein must not be reproduced in whole or in part without the prior written consent of Al Mal Capital.