

Al Mal MENA Equity Fact Sheet

NAV Per Unit: USD 8.70



September 2019

Fund Objective: 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.

Key Terms:

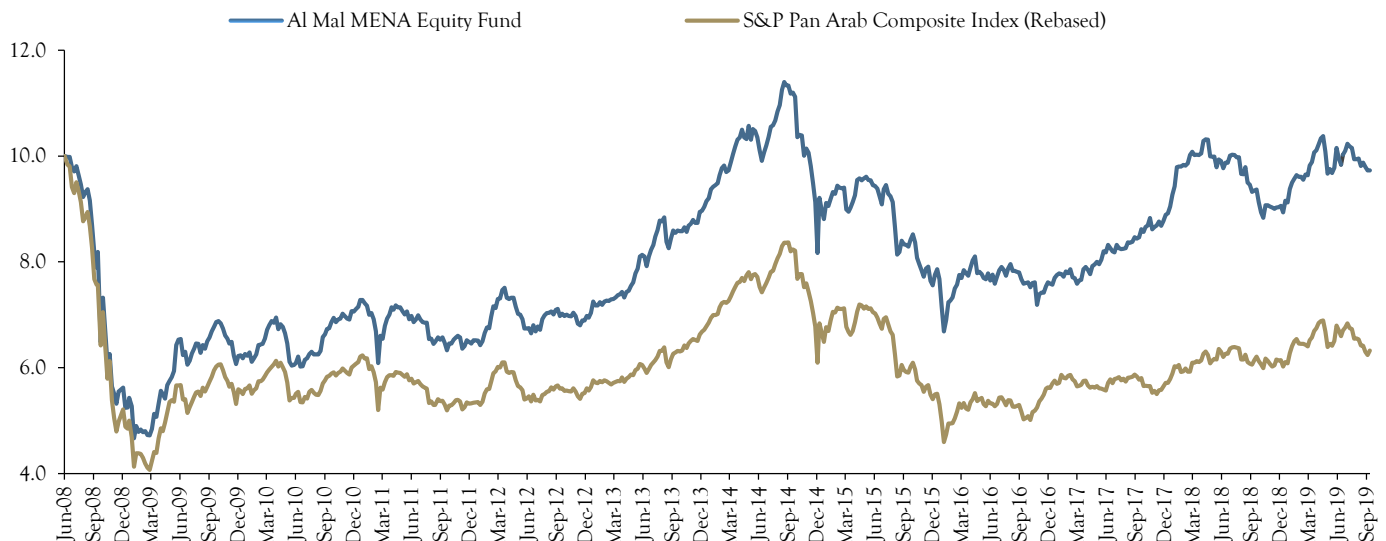
| | |
|--------------------------|---|
| Fund Manager | Charles-Henry Monchau, CFA Vrajesh Bhandari, CFA Tamara Tannir, CFA |
| Inception Date | 15th June 2008 |
| Fund Size | USD 25 million |
| Strategy Size | USD 80 million |
| Fund Registration | Bahrain |
| Currency | USD |
| Subscription | Weekly |
| Min Subscription | USD 250,000 |
| Bloomberg Code | MALMENE BI |
| Reuters Code | LP65123002 |

| | |
|-------------------------|------------------------|
| Management Fee | 1.75% |
| Subscription Fee | Up to 3% |
| Redemption | Weekly |
| Benchmark Index | S&P Pan Arab Composite |
| Fund Type | Open Ended |
| Administrator | Apex |
| Custodian | Standard Chartered |
| Auditors | Deloitte |

| Performance | Fund | Benchmark | Relative Perf. |
|-------------------|--------------|---------------|----------------|
| 2019 | 6.2% | 3.6% | 2.5% |
| 2018 | 2.6% | 6.8% | -4.1% |
| 2017 | 17.8% | 1.3% | 16.5% |
| 2016 | -3.7% | 4.1% | -7.8% |
| 2015 | -12.5% | -17.6% | 5.1% |
| 2014 | -0.7% | -1.5% | 0.8% |
| 2013 | 31.1% | 18.9% | 12.2% |
| 2012 | 6.6% | 2.6% | 4.0% |
| 2011 | -8.8% | -15.1% | 6.3% |
| 2010 | 15.7% | 13.9% | 1.8% |
| 2009 | 17.7% | 12.7% | 5.0% |
| 2008 | -47.5% | -49.9% | 2.4% |
| Since Inc. | -2.0% | -35.8% | 33.8% |

| Performance ¹ | Fund | Benchmark ² | Relative Perf. |
|--------------------------|--------|------------------------|----------------|
| 1 Month | -0.8% | -1.5% | 0.6% |
| YTD* | 6.2% | 3.6% | 2.5% |
| 1 Year | 4.0% | 3.0% | 0.9% |
| 3 Years | 28.2% | 26.0% | 2.2% |
| 5 Year | -13.1% | -23.2% | 10.1% |
| Since Inc. | -2.7% | -36.7% | 34.0% |

Performance



* As of 25th of September 2019

Source: Al Mal internal performance measurement based on reports from third-party administrators (Apex)

¹ Performance is net of fees; 3-year and 5-year return is cumulative

²S&P Pan Arab Composite Index

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Fund Manager Commentary:

With the -1.5% decline of the S&P Pan Arab Index last month, MENA Equities have now wiped off 10 percentage points from the 13% year to date return achieved as of April 2019. It was Kuwait's turn (-3.5%) to drag the overall market lower in September. Al Mal Mena equity Fund outperformed and is now 250 basis points ahead of the benchmark since the start of the year. We note that the Fund has generated a positive alpha 7 out of the 9 months this year.

Egypt fell -10% in the last few days (ending Wed, the 25th of Sep) however it has subsequently recovered most of the losses. Retail investors in Egypt, with long memories of the events in 2011 were unnerved by the protests. The investment case based on receding inflation driving interest rates lower and thus leading to a pickup in consumer spending and corporate capex is largely intact. Government's achievements are very tangible starting with a recovery in tourism, falling inflation, infrastructure spending, job creation, restoration of security, GDP growth and strength of EGP (the currency is up 10% year-to-date).

Cleopatra Hospitals – one of the fund holdings - reported a strong set of results (excluding non-cash items and impairments). Revenues grew 25% y/y driven by footfall rise of 14%. Interestingly the story is now volume driven coupled with strong pricing power (10%), value added services, and room for organic growth. EBITDA is expected to grow at a solid 3-year CAGR of 30%.

National Bank of Kuwait (NBK) was held in the portfolio in the past and has been recently re-introduced. Last month market pullback (where at one point the stock was 10% below its recent peak) gave us a nice opportunity to build the position. NBK is a clean, well-funded, high quality franchise with a strong corporate brand and government ties and exposure to the fast growing, highly profitable Egyptian market and Islamic operations in Kuwait. Cost of risk levels are easing leading to double digit rise in bottom line. Valuations are now more reasonable at a P/B ratio of 2.1x, while it can sustainably deliver RoE of 17%. NBK also would be the prime beneficiary of passive flows when Kuwait gets included in the MSCI EM Index.

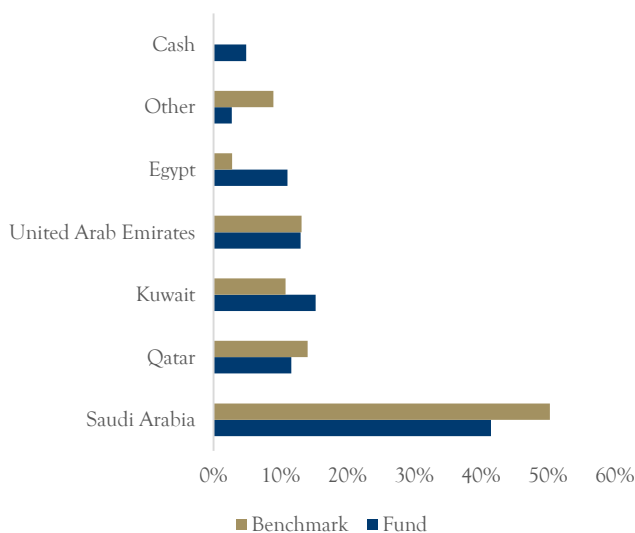
| Top Portfolio Holdings | % of Fund |
|--------------------------------|-----------|
| National Bank of Kuwait | 7.9 |
| Al Rajhi Bank | 5.8 |
| Qatar National Bank | 5.2 |
| Saudi Basic Industries Corp | 3.7 |
| Emirates Telecom Group Company | 3.1 |
| Total # of Holdings | 39 |

Source: Al Mal internal performance measurement based on reports from third-party administrators (Apex)

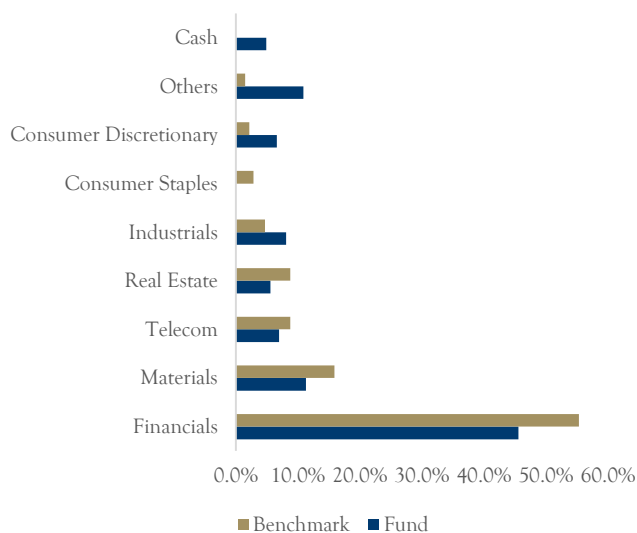
| Fund Characteristics ² | Fund | Benchmark |
|-----------------------------------|------|-----------|
| Standard Deviation | 9.7% | 9.9% |
| Sharpe Ratio | 0.56 | 0.45 |
| Beta | 0.69 | |
| Tracking Error | 7.5% | |
| Information Ratio | 0.09 | |

² Calculated using 3-year weekly data

Geographic Allocation



Sector Allocation



Disclaimer

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Al Mal UAE Equity Fact Sheet

NAV Per Unit: AED 1.24



September 2019

Fund Objective: 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 UAE Exchange.

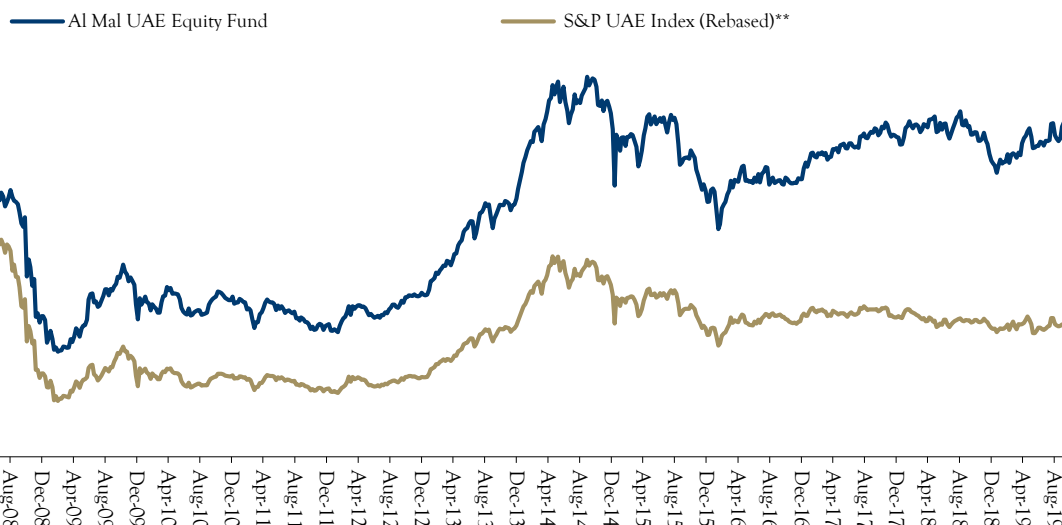
Key Terms:

| | |
|---------------------------|---|
| Fund Manager | Charles-Henry Monchau, CFA Vrajesh Bhandari, CFA Tamara Tannir, CFA |
| Inception Date | 5th April 2006 |
| Fund Registration | UAE |
| Currency | AED |
| Fund Size | AED 38mn |
| Subscription | Weekly |
| Dividend Frequency | Yearly |
| Min Subscription | AED 100,000 |
| Management Fee | 1.50% |
| Performance Fee | 20% over 10% hurdle with high watermark |
| Subscription Fee | Up to 2% |
| Redemption | Weekly |
| Benchmark Index | S&P UAE Composite Index |
| Fund Type | Open Ended |
| Administrator | Standard Chartered |
| Custodian | Standard Chartered |
| Financial Year End | 31st December |
| Auditors | Deloitte |

| Performance Yearly | Fund | Benchmark | Relative Perf. |
|--------------------|--------------|---------------|----------------|
| 2019 | 9.9% | 1.0% | 8.9% |
| 2018 | -5.7% | -7.7% | 2.0% |
| 2017 | 7.8% | -1.6% | 9.4% |
| 2016 | 7.9% | 9.0% | -1.1% |
| 2015 | -15.3% | -17.6% | 2.3% |
| 2014 | 11.2% | 7.5% | 3.7% |
| 2013 | 81.4% | 88.0% | -6.6% |
| 2012 | 28.7% | 23.5% | 5.2% |
| 2011 | -18.4% | -17.7% | -0.7% |
| 2010 | -1.0% | -8.8% | 7.8% |
| 2009 | 31.2% | 24.6% | 6.6% |
| 2008 | -56.9% | -69.4% | 12.5% |
| 2007 | 50.4% | 54.8% | -4.4% |
| 2006 | -19.1% | -35.2% | 16.1% |
| Since Inc. | 40.5% | -42.0% | 82.5% |

| Performance ¹ | Fund | Benchmark ² | Relative Perf. |
|--------------------------|--------------|------------------------|----------------|
| 1 Month | 2.1% | -1.5% | 3.5% |
| YTD* | 9.9% | 1.0% | 8.9% |
| 1 Year | 0.5% | -4.3% | 4.8% |
| 3 Years | 14.8% | -7.8% | 22.6% |
| 5 Year | -13.8% | -33.4% | 19.6% |
| Since Inc. | 44.0% | -42.8% | 86.9% |

Performance



* As of 25th of September 2019

Source: Al Mal internal performance measurement based on reports from third-party administrators (Standard Chartered Bank)

¹ Performance is net of fees; 3-year and 5-year return is cumulative

²S&P UAE Composite Index

Al Mal UAE Equity Fact Sheet

NAV Per Unit: AED 1.24



September 2019

Fund Manager Commentary:

Dubai further added to its 2019 recovery with a 1.6% gain, driven by a 13% gain by Emirates NBD. On the other hand, Abu Dhabi closed 0.8% lower. Our UAE Fund had one of its best relative months ever, with a 350 basis points outperformance over the Index (helped by 15% rise in NMC, in addition to ENBD).

Emirates NBD finally made the long-awaited announcement to increase its Foreign Ownership Limit to 20% (from 5%) effective immediately. It further intends to hike it to 40%. This will result next year in the inclusion of the stock in global indices such as MSCI and FTSE, which are tracked by passive funds, thus resulting in close to USD 900m in inflows. Combined with the fact that valuation is still cheap at 1.2x for a ROE of 18%, we think there is still plenty of upside for the stock.

DP World signed a deal with Indonesian conglomerate Maspion Group to create a USD 1.2bn container port with a capacity of 3mn and an industrial logistics park in East Java. The company earlier reported consolidated throughput growth of 11% driven by the Asia Pacific as well as Americas and Australia geographies.

Dubai formed a committee that aims to achieve a balance between supply and demand in the real estate sector. The aim is to control the pace, have a strategic comprehensive plan and ensure semi-governmental companies do not compete with the private sector. Members include EMAAR, Nakheel, Dubai Properties Group and Meraas. We see this as a recognition of the issue of oversupply, however in our view it would do little to halt the decline in the present cycle.

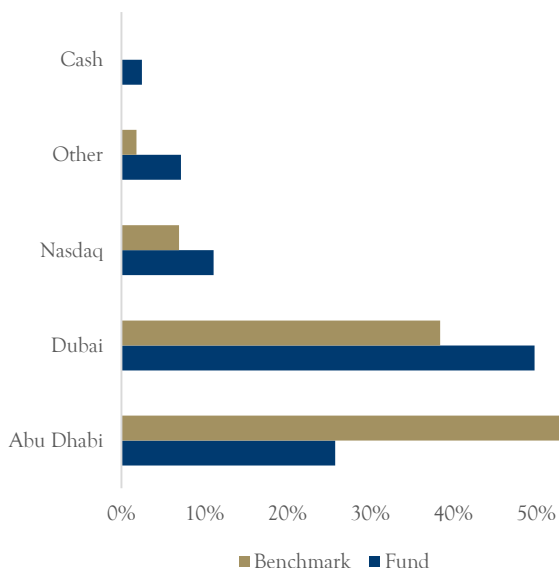
| Top Portfolio Holdings | % of Fund |
|----------------------------|-----------|
| Emirates NBD | 10.2 |
| DP World | 9.2 |
| Dubai Islamic Bank | 8.9 |
| Total # of Holdings | 14 |

Source: Al Mal internal performance measurement based on reports from third-party administrators (Apex)

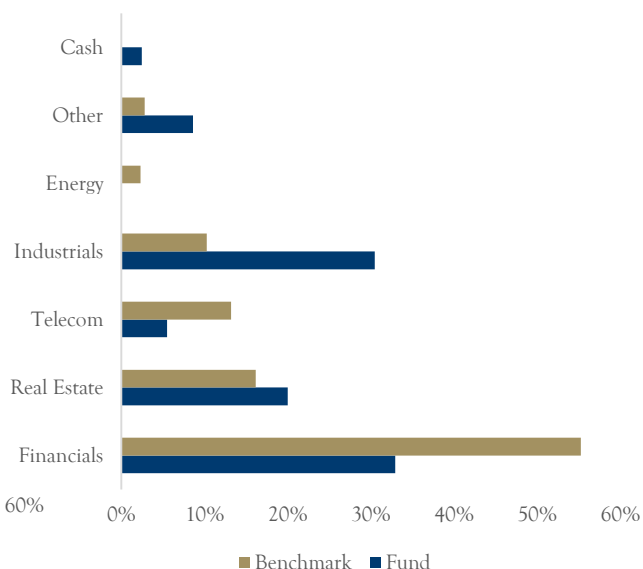
| Fund Characteristics ² | Fund | Benchmark |
|-----------------------------------|-------|-----------|
| Standard Deviation | 12.0% | 13.2% |
| Sharpe Ratio | 0.20 | -0.38 |
| Beta | 0.75 | |
| Tracking Error | 7.6% | |
| Information Ratio | 0.95 | |

² Calculated using 3-year weekly data

Geographic Allocation



Sector Allocation



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