Al Mal MENA Equity Fact Sheet

October 2023

NAV Per Unit: USD 11.07

Fund Manager Commentary

The current geopolitical landscape in the region and the possibility of further escalation have heightened uncertainties regarding the economic and financial market prospects. These events have once again introduced unwelcome ambiguity into financial markets, which is expected to endure for an extended period.

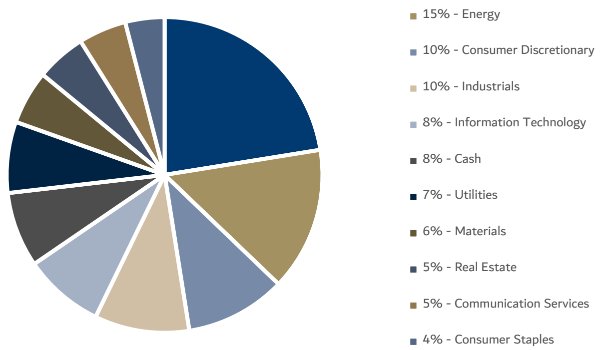
As a result of the issues, regional market reported a strong sell-off in October when all the GCC market reported huge selling pressure and MSCI GCC Index lost 4.4% in October 2023. Qatar market witnessed the maximum decline of 7.1% during the month. In UAE, Dubai market witnessed the decline of 6.9% during the month. However, on the YTD basis the DFM exchange is still showing good growth of 16.2% by the end of Oct-23. FTSE ADX Index too reported decline of 4.5% in the month. Saudi Arabia Tadawul Index reported a decline of 3.3% while Kuwait market declined by 5.2% during the month.

Among the macro news, the IMF cut growth forecasts for 2023 for the GCC, but growth accelerates again next year as oil production cuts unwind. Nominal GDP growth forecasts were revised upwards as the higher oil prices offset the drag from lower oil output. Saudi Arabia's non-oil GDP remains healthy and continues to rise by up to 6% as seen in the last quarter of the year. The Kingdom's Vision 2030 focuses on diversifying the economy outside the oil sector. Saudi Arabia is the fastest growing among the Group of Twenty (G20) countries in the tourism sector, as the number of tourists in the Kingdom has reached more than 30 million. The Kingdom is investing more than USD800bn in the tourism sector.

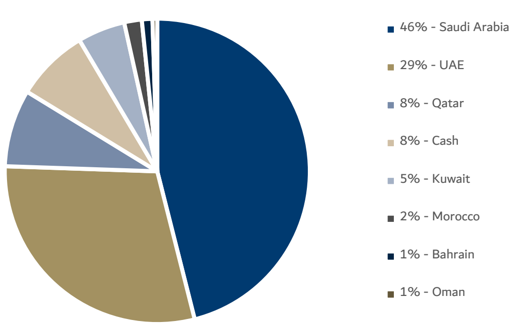
Among our major holdings, Alinma Bank announced a quarterly dividend of SAR0.30 per share for 3Q23. Alinma paid SAR0.25 for 1Q23 and SAR0.30 for 2Q23, bringing a 9M23 dividend to SAR0.85 (pay-out: 50%). Alinma's capitalization is satisfactory. As of 2Q23, Alinma's CET 1 ratio was 14.6% vs. sector median of 16.5%. Alinma Bank reported 3Q23 profit of SAR1,324mn (EPS: SAR0.66), up 8% Q-o-Q and 34% Y-o-Y.

We have increased the cash allocation in the fund and the fund remains well diversified with 34 names with financials accounting for 22% of the fund. The top-3 holdings constitute 14.9% of the fund. The fund however continued to outperform the market despite the downward pressure as the fund recorded YTD growth of 9.4% as compared to the benchmark index decline of 4.6% on YTD basis. We will remain conservative on the short-term basis and will churn the portfolio to defensive name and cash till the situation becomes clearer.

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	-5.3%	-5.4%	0.1%
YTD[3]	9.4%	-4.6%	14.0%
1 Year	4.0%	-12.2%	16.2%
3 Year	47.5%	17.7%	29.8%
5 Year	64.7%	21.7%	43.0%
Since Inc.	45.7%	-27.1%	72.8%

[1] Performance is net of fees; return is cumulative
[2] S&P Pan Arab Composite Index
[3] As of 25th October 2023

Top 5 Holdings

Holding	% of Fund
ELM Company	5.4
Saudi Telecom Company	4.9
Saudi National Bank	4.6
Adnoc Drilling Company	4.5
Abu Dhabi Ports Company	4.1

Fund Analysis

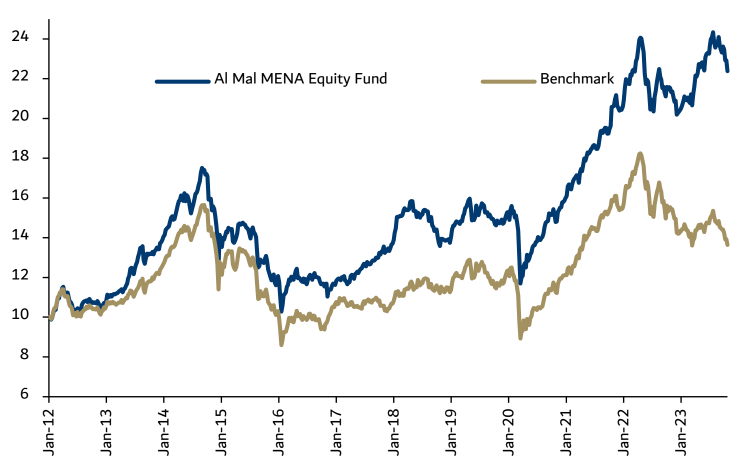
Matrix[4]	Fund	Benchmark
Standard Deviation	10.7%	12.1%
Tracking Error	4.9%	
Beta	0.8	
No. of Holdings	34	

[4] Calculated using 3-year weekly data

Fund Information

Fund Manager	Faisal Hasan, CFA
Inception Date	15th June 2008
Fund Size	USD 23 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

10Y Fund Strategy Performance



Al Mal UAE Equity Fact Sheet

October 2023

NAV Per Unit: AED 1.66

Fund Manager Commentary

The current geopolitical landscape in the region and the possibility of further escalation have heightened uncertainties regarding the economic and financial market prospects. These events have once again introduced unwelcome ambiguity into financial markets, which is expected to endure for an extended period.

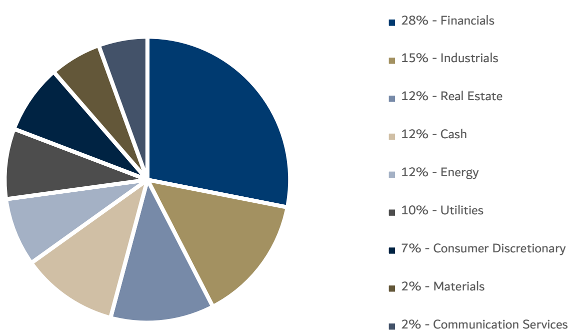
As a result of the issues, regional market reported a strong sell-off in October when all the GCC market reported huge selling pressure and MSCI GCC Index lost 4.4% in October 2023. In UAE, Dubai market witnessed the decline of 6.9% during the month. However, on the YTD basis the DFM exchange is still showing good growth of 16.2% by the end of Oct-23. FTSE ADX Index too reported decline of 4.5% in the month which resulted in the index showing YTD losses of 8.5%.

Among the macro news, the IMF cut growth forecasts for 2023 for the GCC, but growth accelerates again next year as oil production cuts unwind. Nominal GDP growth forecasts were revised upwards as the higher oil prices offset the drag from lower oil output. UAE is on track for strong growth in the fourth quarter of this year, helped by population increase, government spending and growth in transport, travel and tourism, trade, and hospitality among other non-oil sectors. The Central Bank of the UAE has projected 3.3% growth for 2023 and 4.3% for 2024. In October, the International Monetary Fund (IMF) projected that the UAE economy will expand by 3.4% in 2023 and 4.0% next year.

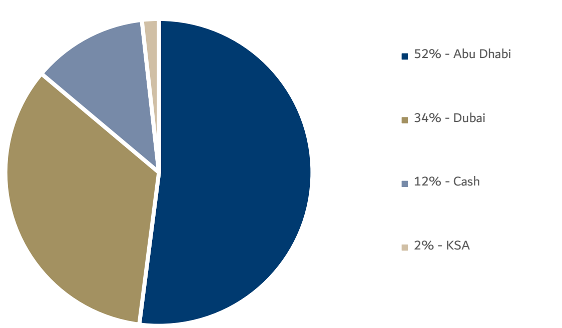
Among our major holdings, ADIB reported a growth of 53% in net profit for the first nine months of 2023 to AED3.75bn from AE2.5bn in the corresponding period last year. Revenue for the first nine months of 2023 improved by 48% to AED6.7bn compared to AED4.5bn last year due to income diversification mix and growth across all business segments and products. Another bank ADCB revealed net profit of AED 1.9 bn was steady QoQ and increased 22% YoY. Operating income of AED 12.2bn increased 23% its cost to income ratio having improved 360 basis points YoY to 32.5%.

We have increased the cash allocation in the fund and the fund remains well diversified with 24 names with financials accounting for 28% of the fund. The top-3 holdings constitute 20.2% of the fund. The fund however continued to outperform the market despite the downward pressure as the fund recorded YTD growth of 9.8% as compared to the benchmark index decline of 2.4% on YTD basis. We will remain conservative on the short-term basis and will churn the portfolio to defensive name and cash till the situation becomes clearer.

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	-5.4%	-8.9%	3.5%
YTD*	9.8%	-2.4%	12.2%
1 Year	7.5%	-4.1%	11.6%
3 Years	78.0%	56.0%	22.0%
5 Year	61.9%	18.5%	43.4%
Since Inc.	127.5%	-29.4%	156.9%

[1] Performance is net of fees; return is cumulative
[2] S&P UAE Domestic 10% Capped Index
[3] As of 25th October 2023

Top 3 Holdings

Holding	% of Fund
Abu Dhabi Ports	7.2
Adnoc Drilling Company	6.5
Emirates NBD	6.5

Fund Analysis

Matrix[4]	Fund	Benchmark
Standard Deviation	11.5%	15.1%
Tracking Error	6.9%	
Beta	0.7	
No. of Holdings	24	

[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