Al Mal Capital

Al Mal MENA Equity Fact Sheet

November 2023

NAV Per Unit: USD 11.52

Fund Manager Commentary

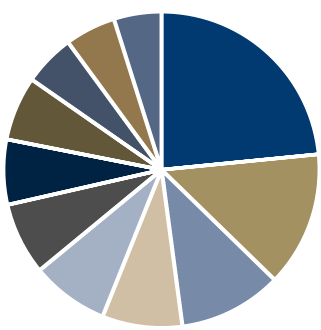
The global economy faces ongoing instability due to a series of disruptive events: the pandemic, high inflation, tight monetary policies, the Ukraine conflict, and recent turmoil in the Middle East. The World Bank predicts a significant slowdown in 2023, with global growth dropping to 2.1 percent. Rising central bank rates to combat inflation continue to hamper economic activity, posing a risk of prolonged tight monetary conditions and weaker global growth. In 2023, the MENA region is expected to grow by 1.9 percent, followed by 3.5 percent in 2024, significantly lower than the 6.0 percent growth in 2022. The GCC region is set to sharply decelerate to 1.5 percent in 2023, down from 6.2 percent in 2022, reflecting lower oil prices and production.

After the strong sell-off in the market last month, the markets were in recovery mode in November. All the regional market showed gains led by Qatar index which reported the monthly gains of 5.4% in the month. Regional heavyweight Tadawul index too reported more than 4.6% growth in November-2023. In terms of YTD gains, DFM continues to show strong growth of 19.7% at the end of Nov-23 followed by Tadawul Index which is up 6.7% in the same period.

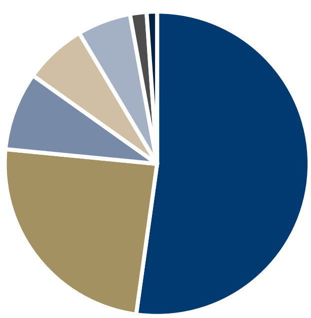
In Q3-2023, GCC-listed companies experienced a year-on-year decline in profits, primarily due to a decrease in energy and commodity prices. The average brent spot price dropped by 14.0% compared to Q3-2022, impacting the profits of listed energy companies, including Aramco. Country-wise, Saudi Arabia and Abu Dhabi saw double-digit declines, while Dubai and Oman showed robust growth of 35.8% and 24%, respectively. Despite higher interest rates, the banking sector demonstrated healthy quarter-on-quarter and year-on-year profit growth, aligning with rate hikes by US Fed. The sector sustained lending growth, attributed to the resilient projects market in the region. Real estate lending, especially in the UAE, remained robust.

As the year nears the close, on the back of good quarterly earnings and IPOs hitting the market, the fund plans to deploy the cash. The fund remains well diversified with 36 names with financials accounting for 23% of the fund. The top-3 holdings constitute 15.5% of the fund. The fund continued to outperform the market as the fund recorded YTD growth of 13.9% as compared to the benchmark index performance of 0.5% on YTD basis. We are keeping an eye on the interest rate movement and rate-sensitive stocks and will be churning the portfolio accordingly.

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	4.1%	5.4%	-1.3%
YTD[3]	13.9%	0.5%	13.4%
1 Year	11.5%	-3.9%	15.4%
3 Year	50.2%	20.3%	29.9%
5 Year	68.3%	27.1%	41.2%
Since Inc.	51.7%	-23.1%	74.8%

[1] Performance is net of fees; return is cumulative
[2] S&P Pan Arab Composite Index
[3] As of 29th November 2023

Top 5 Holdings

Holding	% of Fund
ELM Company	5.3
Saudi Telecom Company	5.2
Saudi National Bank	5.0
Adnoc Drilling Company	4.4
Abu Dhabi Ports Company	3.9

Fund Analysis

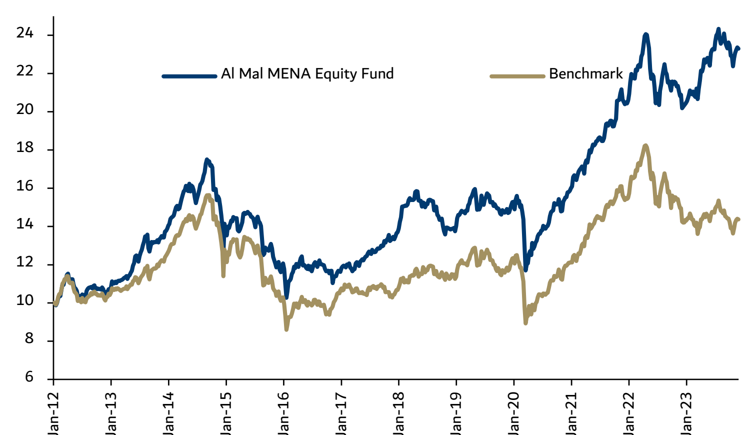
Matrix[4]	Fund	Benchmark
Standard Deviation	10.7%	12.1%
Tracking Error	4.9%	
Beta	0.8	
No. of Holdings	36	

[4] Calculated using 3-year weekly data

Fund Information

Fund Manager	Faisal Hasan, CFA
Inception Date	15th June 2008
Fund Size	USD 22 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

November 2023

NAV Per Unit: AED 1.73

Fund Manager Commentary

The global economy faces ongoing instability due to a series of disruptive events: the pandemic, high inflation, tight monetary policies, the Ukraine conflict, and recent turmoil in the Middle East. The World Bank predicts a significant slowdown in 2023, with global growth dropping to 2.1 percent. Rising central bank rates to combat inflation continue to hamper economic activity, posing a risk of prolonged tight monetary conditions and weaker global growth. In 2023, the MENA region is expected to grow by 1.9 percent, followed by 3.5 percent in 2024, significantly lower than the 6.0 percent growth in 2022. The GCC region is set to sharply decelerate to 1.5 percent in 2023, down from 6.2 percent in 2022, reflecting lower oil prices and production.

After the strong sell-off in the market last month, UAE markets recovered as DFM Index recorded monthly gains of 3% while FTSE ADX Index was up 2.3%. In terms of YTD gains, DFM continues to show strong growth of 19.7% at the end of Nov-23 while the FTSE ADX Index is still in the red, down 6.4% in the same period.

In Q3-2023, GCC-listed companies experienced a year-on-year decline in profits, primarily due to a decrease in energy and commodity prices. The average brent spot price dropped by 14.0% compared to Q3-2022, impacting the profits of listed energy companies, including Aramco. Country-wise, Saudi Arabia and Abu Dhabi saw double-digit declines, while Dubai and Oman showed robust growth of 35.8% and 24%, respectively. Despite higher interest rates, the banking sector demonstrated healthy quarter-on-quarter and year-on-year profit growth, aligning with rate hikes by US Fed. The sector sustained lending growth, attributed to the resilient projects market in the region. Real estate lending, especially in the UAE, remained robust.

As the year nears the close, on the back of good quarterly earnings and IPOs hitting the market, the fund plans to deploy the cash. The fund remains well diversified with 24 names with financials accounting for 27% of the fund. The top-3 holdings constitute 20% of the fund. The fund continued to outperform the market as the fund recorded YTD growth of 14.5% as compared to the benchmark index performance of 2.7% on YTD basis. We are keeping an eye on the interest rate movement and rate-sensitive stocks and will be churning the portfolio accordingly.

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	4.3%	5.2%	-0.9%
YTD*	14.5%	2.7%	11.8%
1 Year	10.8%	-1.5%	12.3%
3 Years	62.4%	47.0%	15.4%
5 Year	76.3%	27.8%	48.5%
Since Inc.	137.3%	-25.7%	163.0%

[1] Performance is net of fees; return is cumulative
[2] S&P UAE Domestic 10% Capped Index
[3] As of 29th November 2023

Top 3 Holdings

Holding	% of Fund
Abu Dhabi Ports	7.0
Adnoc Drilling Company	6.5
Emirates NBD	6.5

Fund Analysis

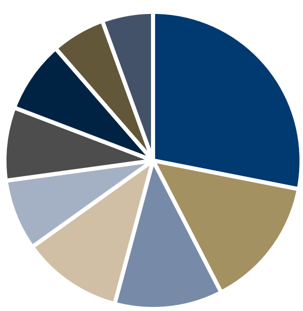
Matrix[4]	Fund	Benchmark
Standard Deviation	11.3%	15.0%
Tracking Error	6.8%	
Beta	0.7	
No. of Holdings	24	

[4] Calculated using 3-year weekly data

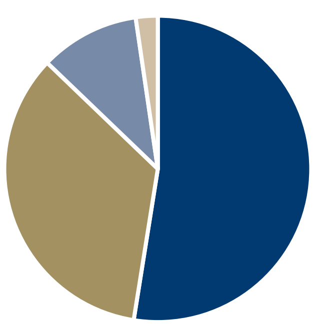
Fund Information

Fund Manager	Faisal Hasan, CFA
Fund Size	AED 49 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

Sector Allocation



Geographic Allocation



10Y Fund Strategy Performance