Al Mal MENA Equity Fact Sheet

July 2025

NAV Per Unit: USD 12.30

Fund Manager Commentary

The global macroeconomic backdrop remains fluid. In the lead-up to the August 1 tariff deadline, the U.S. finalized trade agreements with the EU, Japan, and several emerging market countries, effectively reducing tariff levels to around 15–20%. On the monetary policy front, we anticipate a prolonged easing cycle by the Federal Reserve, with rate cuts totalling 50bps in H2 2025 and an additional 75bps in 2026. 2025 appears to be a year split in two halves—1H2025 was buoyed by pre-tariff export acceleration while 2H2025 H2 may reflect softer momentum in both economies, alongside growing recession risks in Europe.

Corporate earnings have largely delivered strong double-digit beats so far. Within our portfolio, ADIB reported another robust quarter, revising its loan growth guidance to high double digits. In Saudi Arabia, most banks exceeded bottom-line expectations, with broad-based strength in non-interest income—particularly trading, fee-based, and FX revenues—offsetting softness in net interest income. A potential Fed rate cut would act as the next catalyst, especially supportive for SNB and Al Rajhi.

Fitch Ratings reaffirmed Saudi Arabia's long-term foreign currency issuer default rating at A+ with a stable outlook, citing the Kingdom's strong fiscal buffers and ongoing reform momentum. The rating agency emphasized that Saudi Arabia's key credit metrics—such as its net foreign asset position and debt-to-GDP ratio are very strong. Fitch also pointed to the Kingdom's substantial public sector deposits and sovereign wealth assets as pillars of macroeconomic stability.

Elsewhere in the region, Kuwait has been gaining our attention. Alongside the passage of the long-debated Debt Law, the government has moved forward with fiscal reforms, including the implementation of the global minimum tax on domestic corporates with international operations. While broader reforms appear to be deferred to future years, progress remains evident. The government is prioritizing infrastructure, housing, and hospitality development, and has introduced new legislation enabling private sector participation in large-scale real estate projects for the first time. The key missing element remains a comprehensive Mortgage Law to unlock housing finance. We are closely monitoring leading players and may increase exposure should execution align with policy momentum.

The unpredictability surrounding tariff timing, scale, and duration has widened the spectrum of potential outcomes across growth, inflation, interest rates, and fiscal responses. This heightened volatility suggests a need to recalibrate portfolios toward strategies built to endure—and possibly benefit from—this environment. Despite the macro complexity, we believe the evolving policy landscape also opens new windows of opportunity for nimble investors with long-term perspectives.

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	1.2%	1.6%	-0.4%
YTD*	0.9%	3.2%	-2.3%
2024	3.0%	1.9%	1.1%
2023	23.1%	9.8%	13.3%
2022	-0.9%	-5.9%	5.0%
Since Inc.	70.2%	-14.1%	84.3%

[1] Performance is net of fees; return is cumulative
[2] S&P Pan Arab Composite Index
[3] As of 30th July 2025

Top 5 Holdings

Holding	% of Fund
Emaar Properties	8.9
Saudi National Bank	5.1
Dubai Taxi Co. PJSC	4.2
Al Masane Al Kobra Mining Co.	4.1
Adnoc Gas PLC	4.1

Fund Analysis

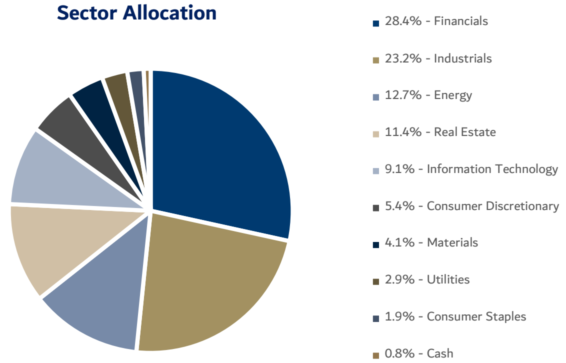
Matrix[4]	Fund	Benchmark
Standard Deviation	13.0%	12.2%
Tracking Error	6.7%	
Beta	0.9	
No. of Holdings	29	

[4] Calculated using 3-year weekly data

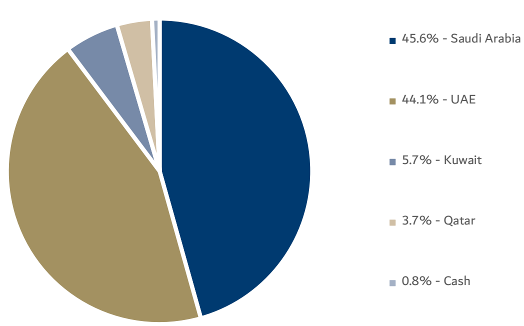
Fund Information

Fund Manager	Faisal Hasan, CFA
Inception Date	15th June 2008
Fund Size	USD 24 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

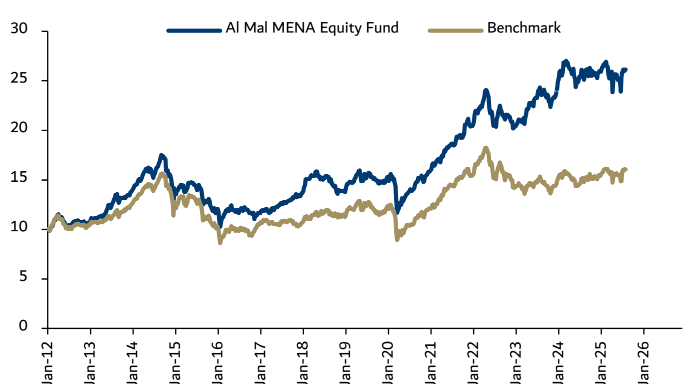
Sector Allocation



Geographic Allocation



10Y Fund Strategy Performance



Al Mal UAE Equity Fact Sheet

July 2025

NAV Per Unit: AED 2.17

Fund Manager Commentary

The global macroeconomic backdrop remains fluid. In the lead-up to the August 1 tariff deadline, the U.S. finalized trade agreements with the EU, Japan, and several emerging market countries, effectively reducing tariff levels to around 15–20%. On the monetary policy front, we anticipate a prolonged easing cycle by the Federal Reserve, with rate cuts totalling 50bps in H2 2025 and an additional 75bps in 2026. 2025 appears to be a year split in two halves—1H2025 was buoyed by pre-tariff export acceleration while 2H2025 H2 may reflect softer momentum in both economies, alongside growing recession risks in Europe.

In the UAE, the Ministry of Finance announced the 2027–29 federal budget cycle with a total allocation of AED 900bn, consistent with the past four cycles. The plan emphasizes performance-based spending and incorporates AI tools to enhance fiscal efficiency. Public debt remained stable at AED 62.1bn as of June 2025, while federal government assets rose to AED 464.4bn by end-2024, reflecting ongoing fiscal prudence and solid sovereign balance sheet strength.

Corporate earnings season has been upbeat so far, with several large banks delivering double-digit beats. FAB led with stronger market-related revenues, though management flagged pressure on net interest margins and rising provisioning risks. Emirates NBD reported a similar non-interest income-driven beat, with an improved impairment outlook and revised cost-of-risk guidance. ADCB's operational performance remained strong but was partly offset by higher credit charges. ADIB continued its strong momentum, revising loan growth guidance to high double digits following another solid quarter.

The unpredictability surrounding tariff timing, scale, and duration has widened the spectrum of potential outcomes across growth, inflation, interest rates, and fiscal responses. This heightened volatility suggests a need to recalibrate portfolios toward strategies built to endure—and possibly benefit from—this environment. Despite the macro complexity, we believe the evolving policy landscape also opens new windows of opportunity for nimble investors with long-term perspectives.

While global headwinds remain, we retain a positive outlook on the UAE equity market. The economy benefits from strong fundamentals, ample fiscal buffers, and a clear reform strategy supported by effective execution. Key watchpoints include oil price swings, delays in regional project execution, and global rate movements. Nevertheless, the UAE continues to offer a compelling bottom-up story, with leadership demonstrating resilience and adaptability in an evolving macro landscape.

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	4.9%	8.5%	-3.6%
YTD*	12.0%	20.9%	-8.9%
2024	17.9%	12.2%	5.7%
2023	14.5%	7.6%	6.9%
2022	6.2%	5.4%	0.8%
Since Inc.	213.2%	1.5%	211.7%

[1] Performance is net of fees; return is cumulative
[2] S&P UAE Domestic 10% Capped Index
[3] As of 30th July 2025

Top 3 Holdings

Holding	% of Fund
Emaar Properties	7.0
Emirates NBD PJSC	6.3
ADNOC Gas PLC	5.9

Fund Analysis

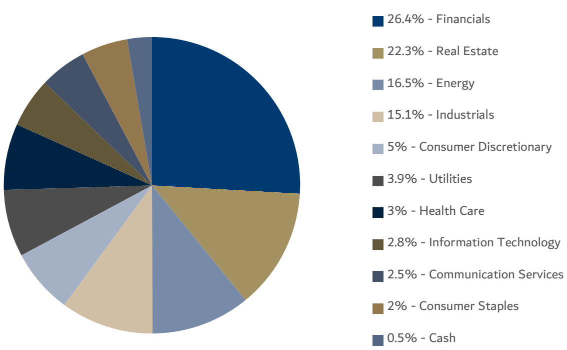
Matrix[4]	Fund	Benchmark
Standard Deviation	10.3%	13.4%
Tracking Error	5.8%	
Beta	0.7	
No. of Holdings	24	

[4] Calculated using 3-year weekly data

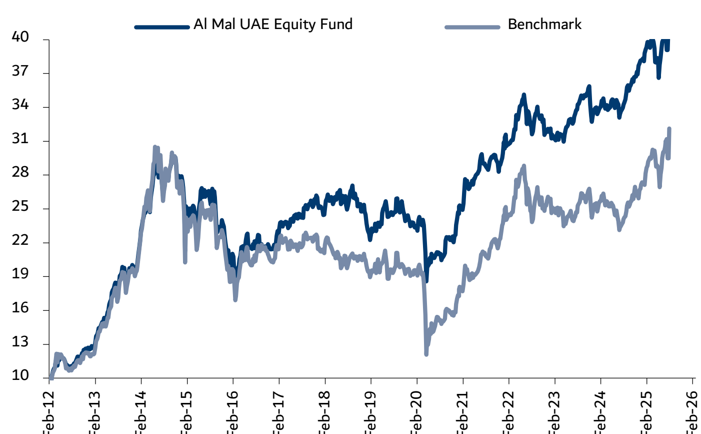
Fund Information

Fund Manager	Faisal Hasan, CFA
Fund Size	AED 58 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



10Y Fund Strategy Performance



Geographic Allocation