

Al Mal MENA Equity Fact Sheet

NAV Per Unit: USD 8.70



September 2018

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.

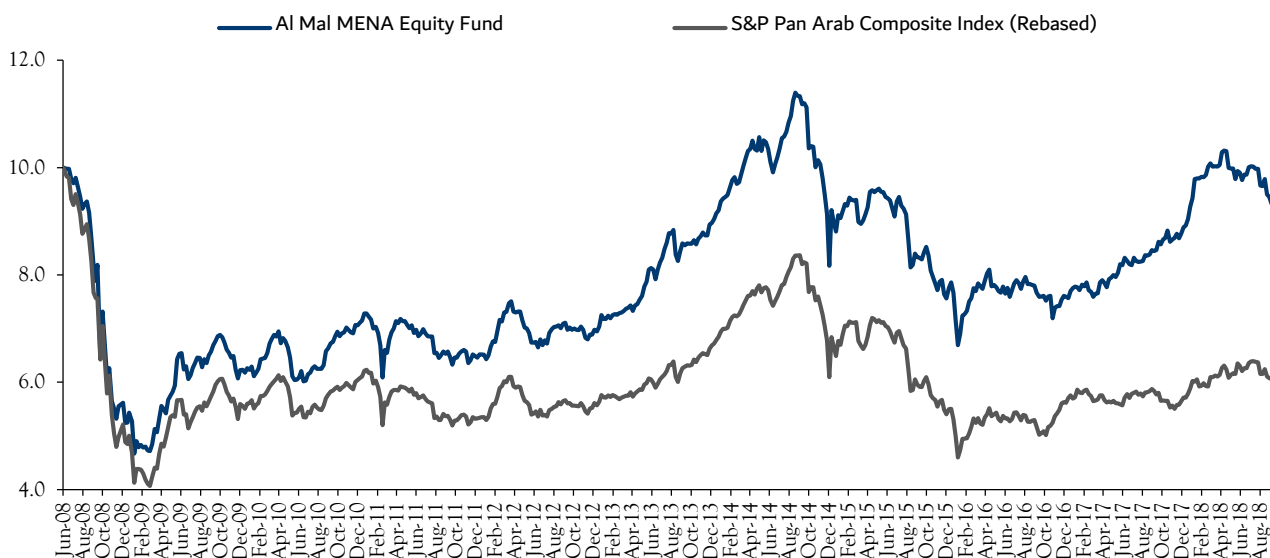
Key Terms:

Fund Manager	Charles-Henry Monchau, CFA Vrajesh Bhandari, CFA
Inception Date	15th June 2008
Fund Size	USD 30 million
Strategy Size	USD 93 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.
YTD 2018	4.8%	7.5%	-2.7%
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.	-6.5%	-38.6%	32.1%

Performance ¹	Fund	Benchmark ²	Relative Perf.
1 Month	-4.5%	-1.7%	-2.8%
YTD*	4.8%	7.5%	-2.7%
1 Year	10.4%	6.4%	4.1%
3 Years	12.8%	3.9%	8.8%
5 Year	8.8%	-2.8%	11.6%
Since Inc.	-6.5%	-38.6%	32.1%

Performance



* As of the last Wednesday of every month (26 of September 2018)

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:

Continuing the trend from last month, equity markets in the MENA region fell in September, although we saw some recovery in the last week of the month. Egypt sold off brutally -7.7% on the back of the turmoil which is taking place in global emerging markets. Saudi Arabia and Dubai also had a challenging month but the rest of the Gulf was more resilient.

Our Egypt exposure had a negative contribution to the performance of the fund. Egypt was a strong positive contributor to performance last year but while we have been substantially lowering our exposure to this country since June (from a high of 25% to 15%), the portfolio has inevitably been impacted by the volatility in the EGX. For instance, Orascom Development - a play on the tourism recovery - declined 19% last month although there was no adverse material development for this company. On the contrary, we expect Orascom to benefit from a weakening currency as it would attract more tourists to the country. Indeed, almost 80% of the revenues are in USD and there is very limited exposure to local demand. It is however worth highlighting that most of our allocation to Egypt is through one stock – EK Holding. The stock is denominated in US dollar, held mainly by institutional investors (as opposed to retail investors for most Egyptian stocks) and most of its revenues are generated in US dollars.

The other reason for the underperformance of our portfolio is the price decline of some of our core holdings – i.e stocks we consider as long-term holdings and on which we keep some exposure in the portfolio even when valuation seem full. For instance, DP World has lost almost 20% of its value over the last two months on global trade jitters. As a reminder, we see these businesses as run by highly efficient management who are capable to positively surprise the market in many ways.

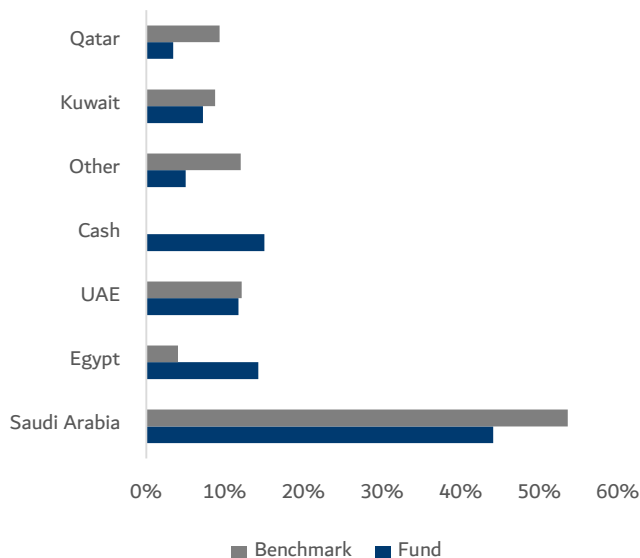
Top Portfolio Holdings	% of Fund
Al Rajhi Bank	8.5
Saudi Kayan	7.1
EK Holding	5.1
Alujain Corp	5.0
BUDGET Saudi	4.7
Total # of Holdings	26

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

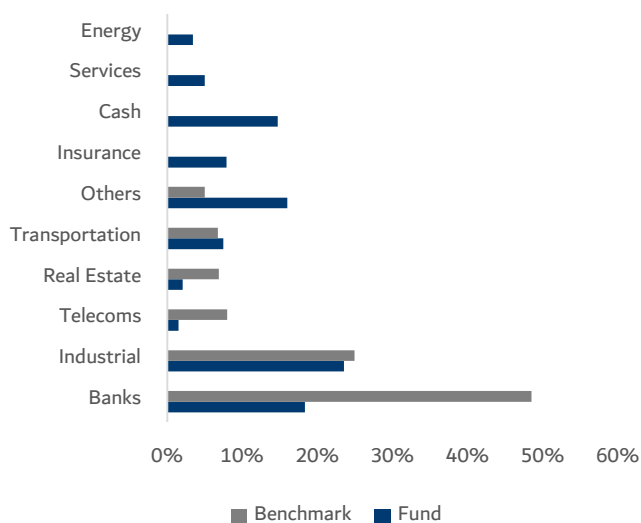
Fund Characteristics ²	Fund	Benchmark
Standard Deviation	14.4%	14.5%
Sharpe Ratio	-0.09	-0.25
Beta	0.89	-
Tracking Error	6.6%	
Information Ratio	0.34	

² Calculated using 5-year weekly data

Geographic Allocation



Sector Allocation



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