

Al Mal MENA Equity Fact Sheet

NAV Per Unit: USD 8.89



February 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.

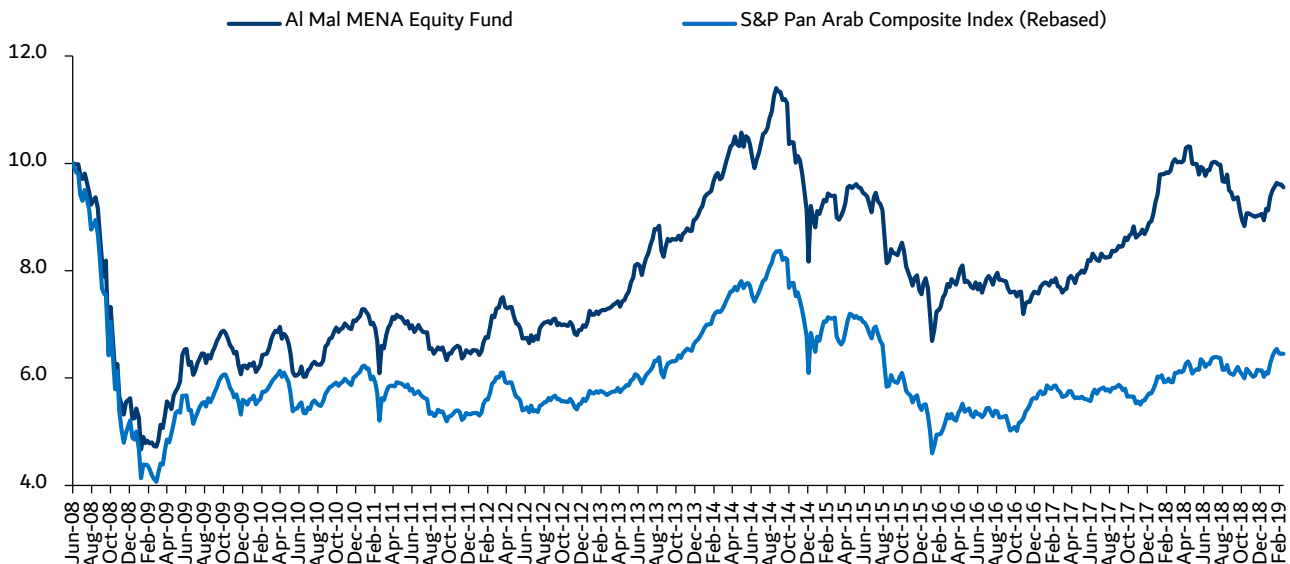
Key Terms:

Fund Manager	Charles-Henry Monchau, CFA Vrajesh Bhandari, CFA Sanat Sachar, CFA
Inception Date	15th June 2008
Fund Size	USD 27 million
Strategy Size	USD 85 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	4.3%	5.7%	-1.4%
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.	-4.5%	-35.5%	31.0%

Performance ¹	Fund	Benchmark ²	Relative Perf.
1 Month	-0.22%	-0.74%	0.52%
YTD*	4.3%	5.7%	-1.4%
1 Year	-5.2%	8.9%	-14.2%
3 Years	26.2%	24.9%	1.3%
5 Year	-1.5%	-10.7%	9.2%
Since Inc.	-4.5%	-35.5%	31.0%

Performance



* As of 27 of February 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

Al Mal MENA Equity Fact Sheet

NAV Per Unit: USD 8.89



February 2019

Fund Manager Commentary:

On the surface, MENA Equities had only a slightly down month. However there were sharp divergences beneath. UAE and Egypt were strong (3-5% gains), whereas Qatar heavily sold off (-5.5%). Saudi Arabia also was weak (-1.3%). This country leadership is very much inline with our 2019 country views. The Al Mal Mena Equity slightly outperformed last month and is up +4.3% since the start of the year.

Egypt cut interest rates by 100 basis points in last month's MPC, while until recently expectations were that we would see monetary easing not before the last quarter of the year. The central bank realizes that inflation levels are currently tamed and the high cost of capital is hurting investment from the private sector. Carry traders are back thanks to high after-tax yield of 14.5%, while the EGP/USD strengthened 1.5% year to date. We expect a further 200 bps decline this year.

EK Holding, one of our high conviction picks in Egypt, came out with the much-awaited seismic survey analysis that revealed potential natural gas reserves of 2.35 TCF (and 112m bbl of condensate), which is 14x existing P1 reserves and hence a major game changer. Even being conservative and assigning discounts to global valuation multiples would add huge upside to current market price.

Another high conviction, Extra (electronics retailer in Saudi) presented an upbeat picture during their quarterly earnings call. The management believes the market has bottomed and is betting on a recovery this year. It is targeting market share of 25-30% over the next 3 years driven by the consolidation of white goods segment. The company is also launching a new consumer finance subsidiary that will provide product and cash loans. Existing book grew 2.3x last year and loss ratios were fairly contained at 3%. For 2019, we expect double digit net income growth, even as the new business will be loss making.

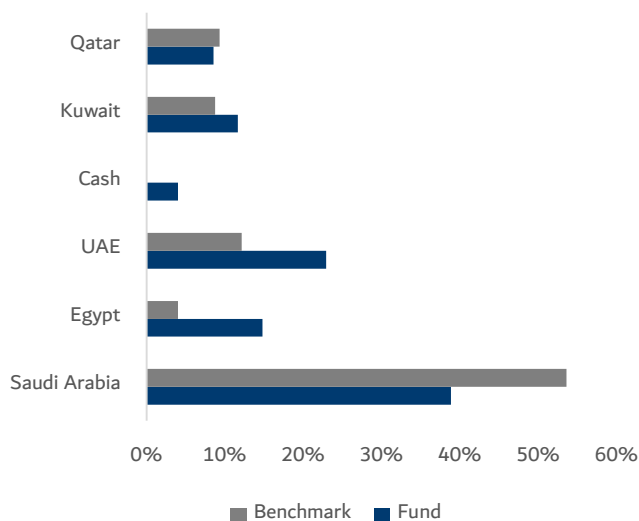
Top Portfolio Holdings	% of Fund
Al Rajhi Bank	7.6
National Commercial Bank	5.3
Humansoft Holding	5.2
SABIC	4.7
Qatar National Bank	4.5
Total # of Holdings	38

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

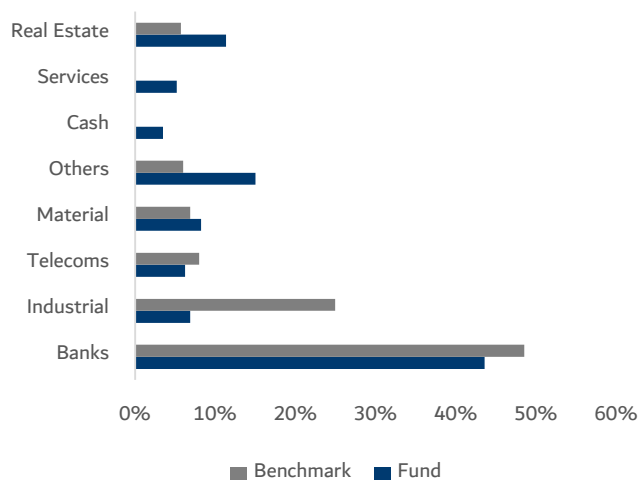
Fund Characteristics ²	Fund	Benchmark
Standard Deviation	14.5%	14.6%
Sharpe Ratio	-0.23	-0.36
Beta	0.88	-
Tracking Error	6.8%	
Information Ratio	0.26	

² Calculated using 5-year weekly data

Geographic Allocation



Sector Allocation



Disclaimer

None of the information and opinions contained herein is intended to form the basis for any investment or trading decision, and no specific recommendations are intended. The products and transactions described herein are not suitable for every investor. Such products and transactions are only suitable for sophisticated and knowledgeable professional users of financial instruments, and are structured and customized to the needs and objectives of each investor. The information and opinions contained herein have been prepared for informational purposes only and do not constitute an offer to sell, or solicitation of an offer to purchase, any security, any commodity futures contract, any commodity-related product, any derivative product, or any trading strategy or service described herein.

Neither Al Mal Capital PSC nor any of its affiliates, directors, authorized managers and/or employees accepts liability for any loss arising from the use of or makes any representation as to the accuracy or completeness of the terms and conditions of products and transactions described herein. Finalized terms and conditions are subject to further discussion and negotiation, and will be determined in part on the basis of pricing and valuation models, data, and assumptions that are proprietary to Al Mal Capital and its affiliates. No assurance can be given that a product or transaction can, in fact, be executed on any representative terms indicated herein.