

Al Mal MENA Equity Fact Sheet

NAV Per Unit: USD 9.45



July 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.

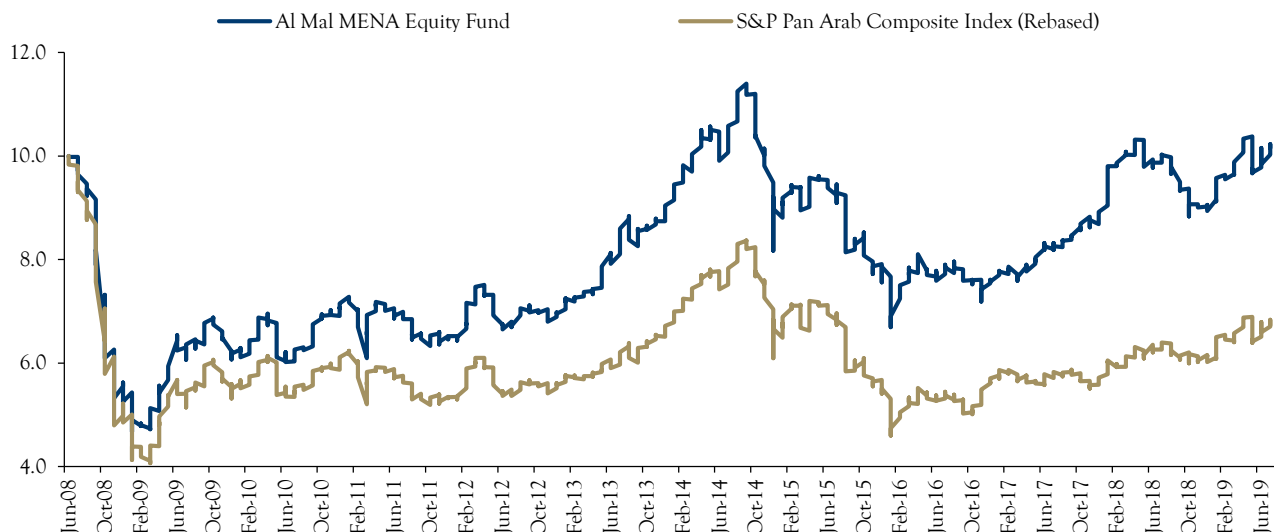
Key Terms:

| | |
|--------------------------|---|
| Fund Manager | Charles-Henry Monchau, CFA Vrajesh Bhandari, CFA |
| Inception Date | 15th June 2008 |
| Fund Size | USD 25 million |
| Strategy Size | USD 80 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 | 10.9% | 10.2% | 0.7% |
| 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. | 1.5% | -32.7% | 34.3% |

| Performance ¹ | Fund | Benchmark ² | Relative Perf. |
|--------------------------|-------------|------------------------|----------------|
| 1 Month | 3.2% | 2.0% | 1.2% |
| YTD* | 10.9% | 10.2% | 0.7% |
| 1 Year | 1.8% | 5.5% | -3.7% |
| 3 Years | 31.2% | 27.2% | 4.0% |
| 5 Year | -4.8% | -15.5% | 10.6% |
| Since Inc. | 1.5% | -32.7% | 34.3% |

Performance



* As of 31st of July 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

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Fund Manager Commentary:

MENA Equity Markets added further to their 2019 gains in July with a +2.0% positive move. UAE outperformed strongly, while Saudi & Qatar were flat. Egypt & Oman closed in the negative. AL Mal MENA Equity Fund return stood at 3.2% for the month & 10.9% for the year so far.

Extra, the electronics retailer reported stellar second quarter with a clean earnings growth of 31% y/y. The company increased its market share further to 17.4% during the first five months of 2019. The consumer finance subsidiary launched operations in June in the Eastern Province with plans to be rolled out across the kingdom gradually. Moreover, the company informed investors on its earnings call that ecommerce sales (through souq & noon) grew 35% in Q2 & now makes up 10% of topline.

A new idea we added to the portfolio - ALAFCO is an aircraft leasing company from Kuwait. The company makes a spread (which is generally very stable) over its borrowing cost. It maintains a young fleet by following an early disposal strategy to avoid technology obsolescence risk. Order book is set to double from its current fleet of 60 over the next 7 years. The stock had fallen aggressively due to certain one-off items in the financials & investor fears of their exposure to the Boeing 737 max plane, which in reality is very limited. We see the risk reward to be favourable given the diversified geographic presence & find valuations to be attractive.

Change is coming fast in the Kingdom. The country announced it will allow retail stores to operate 24 hours, for a fee. It is not clear if this excludes prayer times – which would be key, as it results into more shopping hours during the day, positively affecting discretionary spending. More importantly, the country is planning to relax its male guardianship laws to allow women to travel without requiring permission. Saudi Arabia also hosted a Beach Soccer in the NEOM mega project, bringing together six teams to compete in this debut competition. On another note, Aramco raised gasoline prices by 5%, in line with the government's plans to reform energy and water prices. We see these as positive developments enhancing the attractiveness as an investment destination.

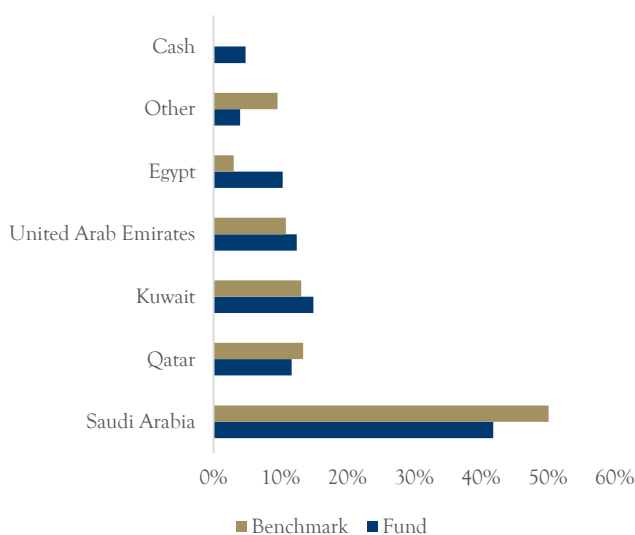
| Top Portfolio Holdings | % of Fund |
|-----------------------------|-----------|
| Al Rajhi Bank | 6.0 |
| Qatar National Bank | 5.8 |
| National Bank of Kuwait | 5.7 |
| Saudi Basic Industries Corp | 4.1 |
| Kuwait Finance House | 3.7 |
| Total # of Holdings | 39 |

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

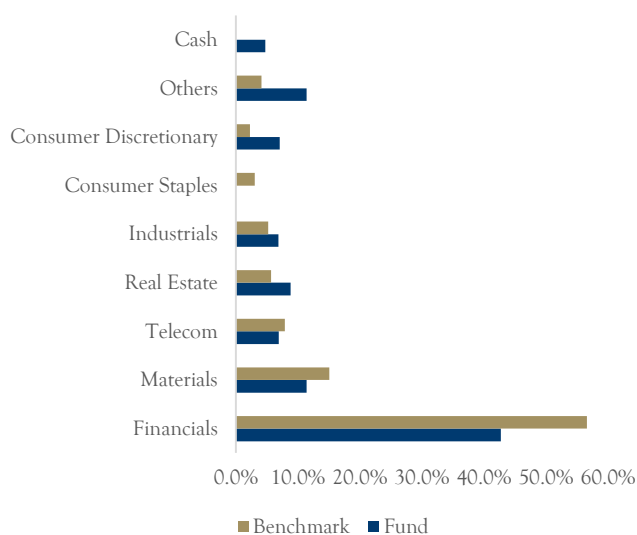
| Fund Characteristics ² | Fund | Benchmark |
|-----------------------------------|-------|-----------|
| Standard Deviation | 14.6% | 14.9% |
| Sharpe Ratio | -0.28 | -0.43 |
| Beta | 0.88 | |
| Tracking Error | 6.7% | |
| Information Ratio | 0.33 | |

² Calculated using 5-year weekly data

Geographic Allocation



Sector Allocation



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