

Al Mal MENA Equity Fact Sheet

NAV Per Unit: USD 8.52



December 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.

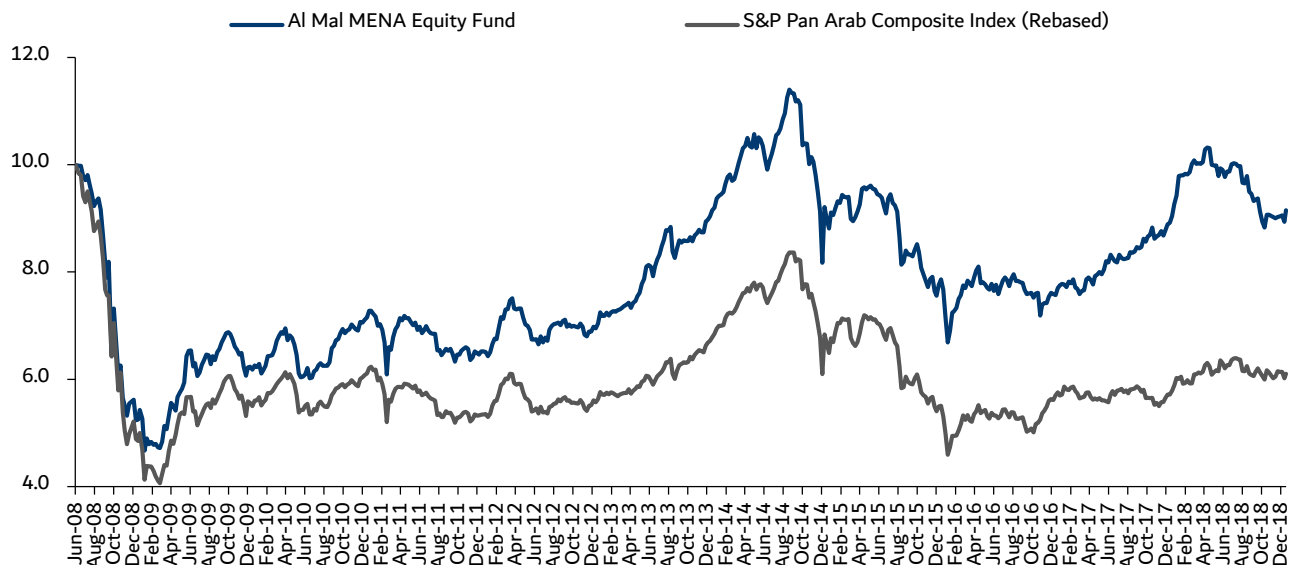
Key Terms:

Fund Manager	Charles-Henry Monchau, CFA Khaled Abdel Majeed Vrajesh Bhandari, 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.
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.	-8.5%	-39.0%	30.5%

Performance ¹	Fund	Benchmark ²	Relative Perf.
1 Month	1.7%	0.9%	0.8%
YTD*	2.6%	6.8%	-4.1%
1 Year	2.6%	6.8%	-4.1%
3 Years	19.3%	15.0%	4.3%
5 Year	-0.5%	-10.9%	10.4%
Since Inc.	-8.5%	-39.0%	30.5%

Performance



* As of the last Wednesday of every month (31 of December 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:

The last month of the year happened to be a very challenging one for risk assets as U.S equities and Crude Oil fell by around 9%. In this context, Middle East equities were resilient as the S&P Pan Arab posted a gain of +0.9%. The Al Mal MENA equity Fund ended the year on a positive note with a rise of +1.7%.

For the full year, the S&P Pan Arab Index is up +6.8%. Qatar, Abu Dhabi and Saudi Arabia were top performers while Dubai, Egypt and Oman ended at the bottom of the table. The Fund is up +2.6% hence underperforming the index. While the market conditions were less favorable to our investment style in 2018, we note that since the change of strategy in early 2017, the Fund is up +20.9% against +8.2% for the S&P Pan Arab index.

One of our holding Orascom Development Egypt announced the completion of the sale of its stake in two hotels (Royal Azur and Club Azur) and a land plot in Makadi. The agreement was concluded at a total enterprise value of EGP856mn, resulting into total cash proceeds of EGP408mn, which will be utilized to deleverage the balance sheet. Earlier the company said it will open a 100-room hotel in El Gouna under Thomas cook brand name. According to the World Bank, Egypt requires a USD 675bn investment in infrastructure (transport, water, etc.) over the next 20 years. The bank estimates that Egypt can provide up to USD 445bn, thus resulting in a gap of USD 230bn. This suggests a shift to private-public partnerships and policy reforms in each subsector. Our portfolio has exposure to this theme through investment in Orascom Construction.

Saudi Arabia announced its budget for 2019 expecting a deficit of 4.2% of GDP vs IMF expectation of 1.7%. Budgeted spending is expected to increase by 7% largely due to increase in capital spending which is a positive sign. Despite much speculation government decided to not rolling back expat levy which means there will not be any relief from expat exodus in 2019. On the other hand they decided to extend the citizen allowance for another year which will help to support local spending.

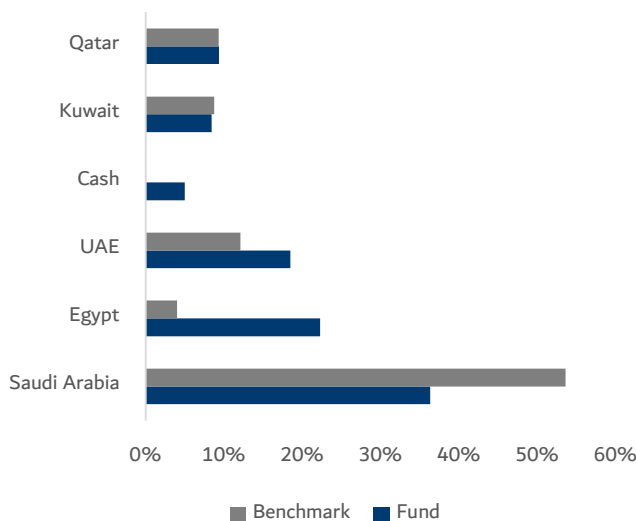
Top Portfolio Holdings	% of Fund
Al Rajhi Bank	8.2
Qatar National Bank	6.0
SABIC	5.6
Dana Gas	5.0
Humansoft Holding	4.7
Total # of Holdings	33

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

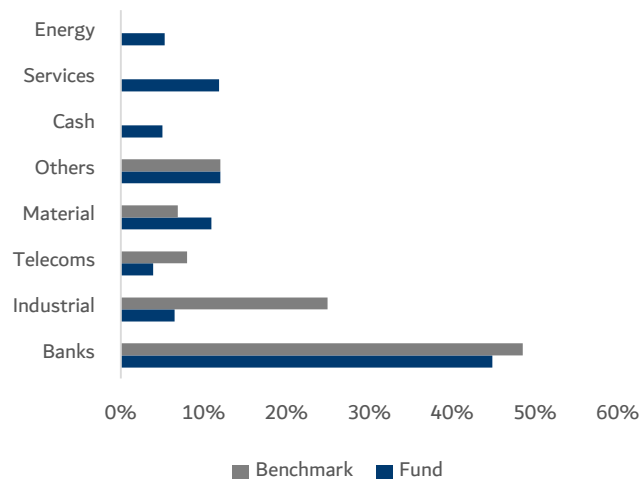
Fund Characteristics ²	Fund	Benchmark
Standard Deviation	14.5%	14.6%
Sharpe Ratio	-0.22	-0.37
Beta	0.89	-
Tracking Error	6.8%	
Information Ratio	0.31	

² Calculated using 5-year weekly data

Geographic Allocation



Sector Allocation



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