

## Fund Manager Commentary

The GCC market performed positively with Oman seeing the biggest monthly gain of 9.9% closely followed by Qatar and Saudi Arabia with gains of 9.7% and 5.9%, respectively. The S&P 500 and Nasdaq fell into bear market territory after shedding more than 20% since the beginning of the year as recession fears loom amidst rising inflation and Fed policy. Inflation reached 9% in June and by July-end, and the Fed raised rates by 225bps.

U.S. President Joe Biden flew to Saudi Arabia in July, where he attended a summit of Gulf allies to call for them to pump more oil, however no firm commitment was communicated, especially as spare capacity at OPEC members is already running low.

We saw a raft of earnings reported during the month. One of our top holdings, SNB, reported Q2 profits of SAR 4.6bn, up 98% y/y, with NII expanding thanks to higher LtDs and NIMs, combined with a lower C/I ratio, and loan growth totalling at 7.5% YtD. Also in Saudi, Portfolio Holding Abdullah Al Othaim Markets Co's Board approved the offer submitted by Al Othaim Holding Co. to acquire its entire stake in Abdullah Al-Othaim Investment Co. for SAR 846m, a value unlocking event.

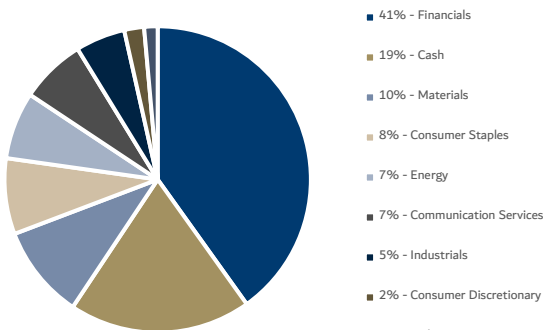
In Qatar, QIBK reported 13.6% y/y higher net income, thanks to 7.7% y/y growth in NII, while NBK in Kuwait reported a more impressive 59% y/y growth in net income, largely on the back of lower credit costs and decent revenue generation thanks to its dominant franchise.

In the UAE, CBRE data continues to show Dubai rents rising at their fastest rate since mid-2014, with villas and apartments rents up 21.7-21.2% y/y, respectively. The UAE is also attracting tourist inflows, with more to come ahead of the Qatar World Cup. Sequentially, industry experts eye a 20% increase in room rates as the event comes to fruition, at 100% occupancy. Inflation did spike during the month of June with 5.84% y/y and 1.23% m/m, largely driven by rising fuel prices, recreation, and F&B. Transportation, recreation, and F&B prices are now up 33.3%, 35.8%, and 8.8% y/y, respectively.

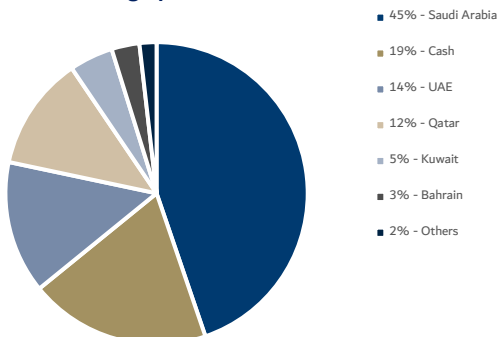
Lastly, in the UAE, portfolio holding Emirates NBD reported stellar Q2 numbers with a 42% y/y expansion in its bottom-line, helped by stronger retail lending, and lower impairments.

We expect markets to remain rangebound but with stock specific movement based on corporate earnings. The inflation overhang lingers on international markets which should impact the regional markets as well. We expect the Fed to continue raising rates until the end of the year and we remain more positive on attractive dividend plays but maintain cash in order to take advantages of the volatility in the markets.

### Sector Allocation



### Geographic Allocation



## Objective

Achieve capital appreciation, primarily through investment in equity and equity related securities in the Middle East and North African markets.

## Fund Performance

Performance <sup>1</sup>	Fund	Benchmark <sup>2</sup>	Alpha
1 Month	0.9%	2.9%	-2.0%
YTD <sup>3</sup>	3.7%	2.8%	0.9%
1 Year	15.3%	10.0%	5.3%
3 Year	39.4%	26.5%	12.9%
5 Year	71.1%	46.9%	24.2%
Since Inc.	40.8%	28.3%	12.5%

<sup>1</sup> Performance is net of fees; return is cumulative

<sup>2</sup> S&P Pan Arab Composite Index

<sup>3</sup> As of 27<sup>th</sup> July 2022

## Top 5 Holdings

Holding	% of Fund
Saudi National Bank	9.1
Al Rajhi Bank	5.3
Saudi Arabian Oil Company	4.1
Qatar National Bank	4.1
Alinma Bank	3.8

## Fund Analysis

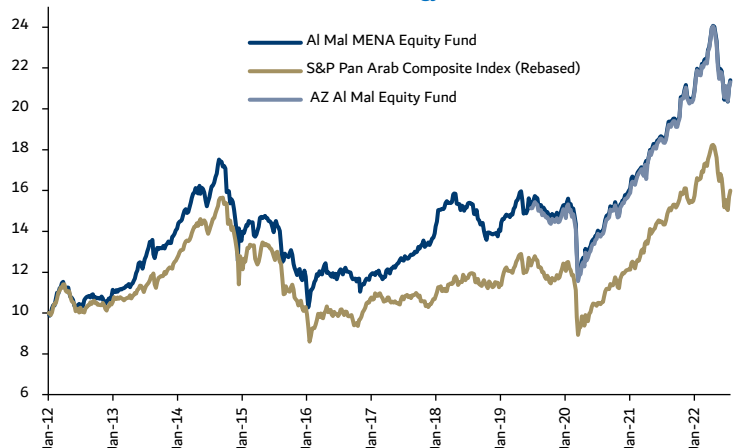
Matrix <sup>4</sup>	Fund	Benchmark
Standard Deviation	13.9%	15.7%
Tracking Error	5.5%	
Beta	0.8	
No. of Holdings	35	

<sup>4</sup> The fund characteristics are based on the historical data of the Al Mal MENA Equity Fund as the AZ Al Mal Equity Fund continues to follow the same strategy; calculated using 3-year weekly data

## Fund Information

Investment Manager	Azimut (DIFC) Limited
Investment Advisers	Al Mal Capital PJSC
Fund Advisor	Faisal Hasan, CFA
Inception Date	June 26, 2019
Fund Size	USD 67 million
Strategy Size	USD 250 million
Domicile	Luxembourg
Currency	USD
Subscription & Redemption	Weekly
Min Subscription	USD 1 (Retail) -250,000 (Institutional)
Bloomberg Code	AZ3AZUA LX
Management Fee	Up to 2.0%
Benchmark Index	S&P Pan Arab Composite
Fund Type	Open Ended
Administrator & Custodian	BNP Paribas

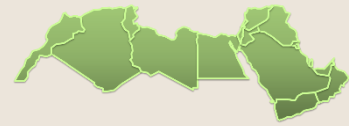
## 10Y Fund Strategy Performance



### Disclaimer

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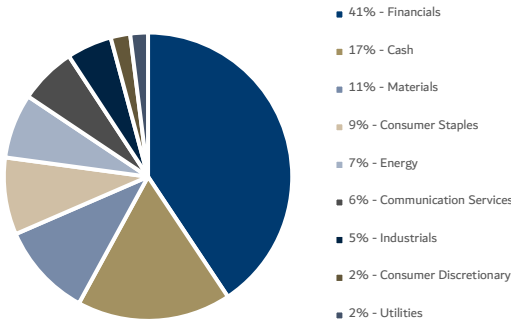
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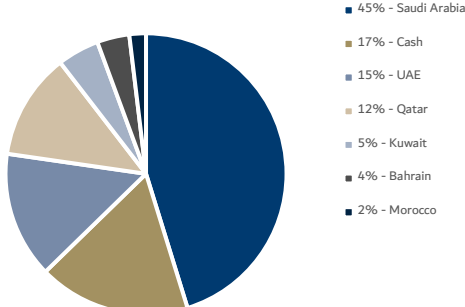
Lastly, in the UAE, portfolio holding Emirates NBD reported stellar Q2 numbers with a 42% y/y expansion in its bottom-line, helped by stronger retail lending, and lower impairments.

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### Sector Allocation



### Geographic Allocation



## Objective

Achieve capital appreciation, primarily through investment in equity and equity related securities in the Middle East and North African markets.

## Fund Performance

Performance <sup>1</sup>	Fund	Benchmark <sup>2</sup>	Alpha
1 Month	2.2%	2.9%	-0.7%
YTD <sup>3</sup>	3.7%	2.8%	0.9%
1 Year	15.9%	11.6%	4.3%
3 Year	41.4%	29.7%	11.7%
5 Year	70.0%	49.9%	20.1%
Since Inc.	39.4%	-14.4%	53.8%

<sup>1</sup> Performance is net of fees; 3-year and 5-year return is cumulative

<sup>2</sup> S&P Pan Arab Composite Index

<sup>3</sup> As of 27<sup>th</sup> July 2022

## Top 5 Holdings

Holding	% of Fund
Saudi National Bank	9.3
Al Rajhi Bank	5.3
Saudi Arabian Oil Company	4.2
Qatar National Bank	4.0
Alinma Bank	3.8

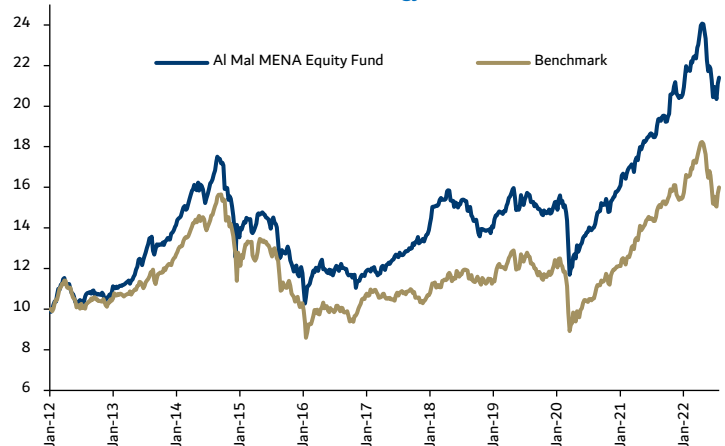
## Fund Analysis

Matrix <sup>4</sup>	Fund	Benchmark
Standard Deviation	13.7%	15.4%
Tracking Error	5.2%	
Beta	0.8	
Dividend Yield 2021	4.0%	
No. of Holdings	34	

## Fund Information

Fund Manager	Faisal Hasan, CFA
Inception Date	15th June 2008
Fund Size	USD 22 million
Strategy Size	USD 250 million
Domicile	Bahrain
Currency	USD
Subscription & Redemption	Weekly
Min Subscription	USD 250,000
Bloomberg Code	MALMENE BI
Management Fee	1.75%
Benchmark Index	S&P Pan Arab Composite
Fund Type	Open Ended
Administrator	Apex
Custodian	Standard Chartered

## 10Y Fund Strategy Performance



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## Fund Manager Commentary

The DFM General Index bounced back to positive monthly growth in July-2022 after reporting a decline in the previous two months. The benchmark increased by 3.6% to close at 3,338.0 points after witnessing significant declines during the middle of the month.

The FTSE ADX index returned to growth during July-2022 after witnessing declines for the previous two months. The index registered a growth of 3.1% to close the month at 9,663.5 points in July-2022.

The UAE Minister of Energy disclosed that oil production is nearing maximum capacity based on the current OPEC+ production baseline. For the first time in two years, the UAE shipped oil to Europe, as the latter begins to minimize its reliance on Russian oil. On the non-oil front, non-oil trade expanded 20.5% y/y during Q1 22.

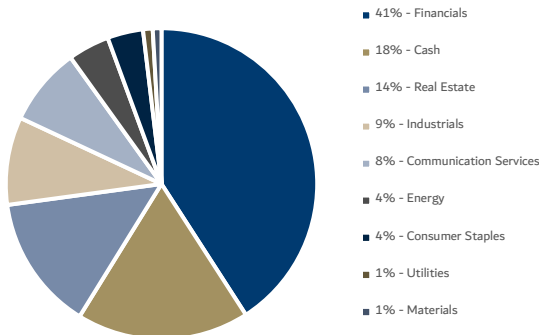
CBRE data continues to show Dubai rents rising, with villas and apartments rents up 21.7-21.2% y/y, respectively. The UAE is also attracting tourist inflows, with potentially more to come ahead of the Qatar World Cup. Sequentially, industry experts eye a 20% increase in hotel room rates as the event comes to execution, at 100% occupancy. This should prove to be beneficial for portfolio holding Air Arabia, who expects to carry >1M passengers in 2022, up from 800k in 2021.

Inflation did spike during the month of June with 5.84% y/y and 1.23% m/m, largely driven by rising fuel prices, recreation, and F&B. Transportation, recreation, and F&B prices are now up 33.3%, 35.8%, and 8.8% y/y, respectively.

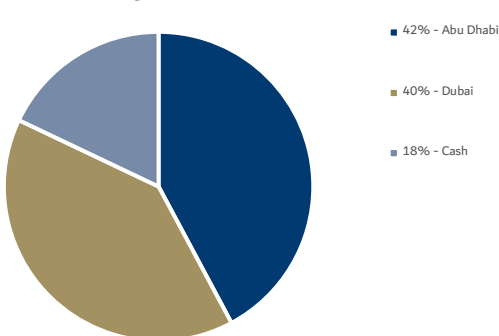
Lastly, portfolio holdings reported decent Q2 number insofar: Emirates NBD reported stellar Q2 numbers with a 42% y/y expansion in its bottom-line, helped by stronger retail lending, and lower impairments. Aldar reported a 54% increase in EPS as property sales surged, while raising its FY 22e guidance for property sales (AED 7-8bn from AED 5-6bn previously) and recurring EBITDA (+23%). The company also earmarked up to AED 5bn in expansions via equity capital over the next 12M. DU also reported a strong recovery in P&L with EPS up 26% y/y thanks to market share gains in the fixed segment, combined with a recovery in the mobile segment.

We expect markets to remain rangebound but with stock specific movement based on corporate earnings. The inflation overhang lingers on international markets which should impact the regional markets as well. We expect the Fed to continue raising rates until the end of the year and we remain more positive on attractive dividend plays but maintain cash in order to take advantages of the volatility in the markets.

## Sector Allocation



## Geographic Allocation



## Objective

Achieve medium to long-term capital growth by investing primarily in equities listed on the UAE Exchange.

## Fund Performance

Performance <sup>1</sup>	Fund	Benchmark <sup>2</sup>	Alpha
1 Month	1.7%	2.3%	-0.6%
YTD <sup>3</sup>	8.7%	4.5%	4.2%
1 Year	23.4%	23.7%	-0.3%
3 Year	51.3%	27.9%	23.4%
5 Year	49.6%	12.4%	37.2%
Since Inc.	112.2%	-25.8%	138.0%

<sup>1</sup> Performance is net of fees; return is cumulative  
<sup>2</sup> S&P UAE Domestic 10% Capped Index  
<sup>3</sup> As of 27<sup>th</sup> July 2022

## Top 3 Holdings

Holding	% of Fund
Dubai Islamic Bank	9.4
Emaar Properties	8.7
First Abu Dhabi Bank	8.7

## Fund Analysis

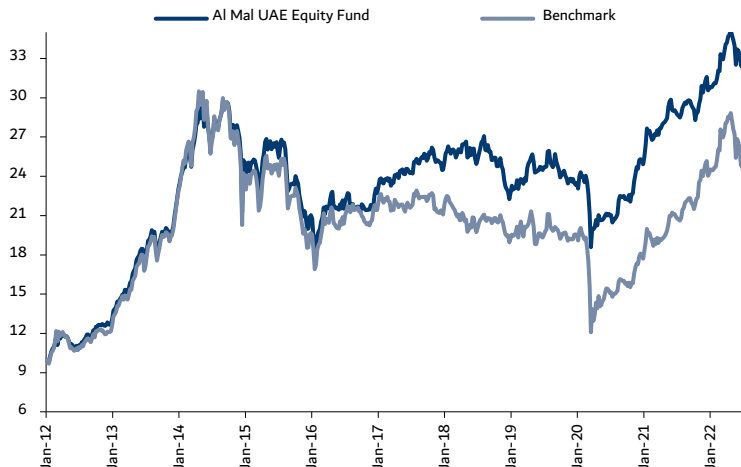
Matrix <sup>4</sup>	Fund	Benchmark
Standard Deviation	17.2%	23.9%
Tracking Error	10.6%	
Beta	0.7	
Dividend Yield 2021	4.0%	
No. of Holdings	20	

<sup>4</sup> Calculated using 3-year weekly data

## Fund Information

Fund Manager	Faisal Hasan, CFA
Fund Size	AED 59 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

## 10Y Fund Strategy Performance



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