

Fund Manager Commentary

While inflation remained high, stocks began to rally in October in the hope that the Federal Reserve would start to pivot away from aggressive interest-rate hiking come December. The S&P 500 finished the month up 6.5% whilst the tech heavy Nasdaq lagged, up just 2.4% over the period. The delta in performance is largely a fallout from disappointing earnings from bellwethers such as Facebook parent Meta, Amazon and Microsoft. October also saw Twitter go private, with new CEO Elon Musk expected to cut jobs across the firm adding to the tech sectors woes.

Tech aside, Energy has been a large contributor to the earnings surprises as well as growth, with an average EPS beat of 11.3% and earnings growth registering a staggering 140.3%. On a more macro front, October's employment front painted a mixed picture of the labor market. The Labor Department showed that employees added 261,000 jobs to nonfarm payrolls, above estimates whilst unemployment rates rose to 3.7% from 3.5% in September as labor participation rates fell.

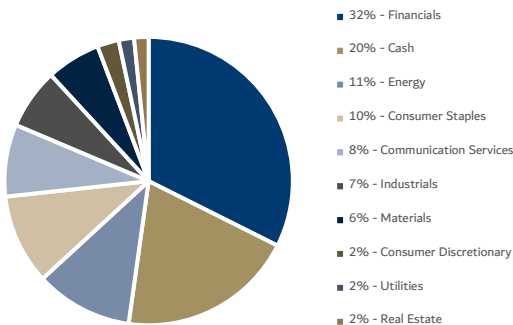
Non-oil exports from Saudi Arabia grew by 16.6% y/y to SAR 27bn in Aug, while oil exports surged by 60.2% y/y to SAR 107bn. Saudi Arabia signed five investment agreements in aerospace, technology and finance to increase FDI inflows and boost global value chains, including; Boeing, local advanced metals maker Tasnee, US space training company Orbite, US biotech company Ginkgo Bioworks among others.

Portfolio Holding STC disclosed its headline results for 3Q22, showing a surge in net income by 21% y/y and 25% q/q to SAR3,541m. The company's operating performance remained solid despite quarterly volatility in revenue growth, largely dependent on seasonality effects. Consolidated revenue for the quarter came in at SAR16,468m, climbing 5% y/y and declining 3% q/q.

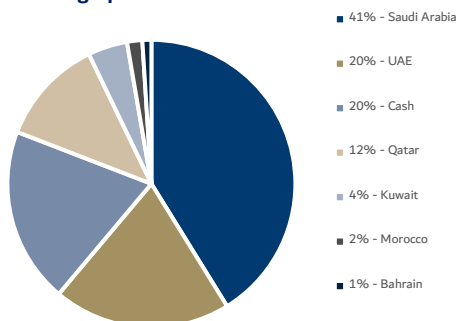
Another portfolio Holding Gulf Warehousing released its 3Q22 financial results showing a net income of QAR59m +6% y/y. Operationally, revenue grew 21% y/y to QAR391m (+6% q/q) supported by the y/y growth in both logistics and freight forwarding segments, for which revenue increased 22% and 18% y/y, respectively. A solid set of results as disappointing performance from freight forwarding was more than offset by the resilient logistics segment.

At time of writing, the FOMC had held their November meeting, raising rates by 75bps, as expected, but retaining a rather hawkish tone while indicating it is too premature to talk about pivoting the direction of rates, and thereby narrowing the window of a soft landing. We thereby expect volatility to continue in the markets, and position accordingly, via defensive, multi-cycle names and a cash position to take advantage of this volatility and future IPOs.

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 ¹ | Fund | Benchmark ² | Alpha |
|--------------------------|-------|------------------------|-------|
| 1 Month | 2.0% | 3.7% | -1.7% |
| YTD ³ | 4.3% | -0.2% | 4.5% |
| 1 Year | 4.6% | -2.3% | 6.9% |
| 3 Year | 44.0% | 31.2% | 12.8% |
| 5 Year | 62.6% | 43.1% | 19.5% |
| Since Inc. | 40.1% | -17.0% | 57.1% |

¹ Performance is net of fees; 3-year and 5-year return is cumulative
² S&P Pan Arab Composite Index
³ As of 26th October 2022

Top 5 Holdings

| Holding | % of Fund |
|------------------------|-----------|
| Saudi National Bank | 8.2 |
| Tanmiah Food Company | 4.8 |
| Qatar Gas Transport | 4.3 |
| Adnoc Drilling Company | 3.7 |
| Saudi British Bank | 3.6 |

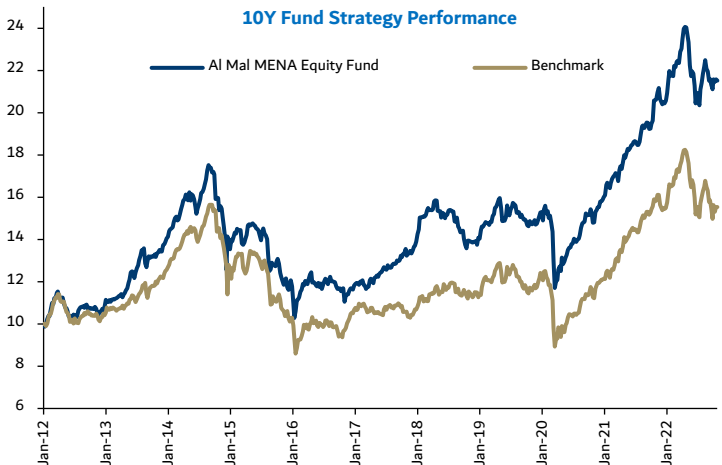
Fund Analysis

| Matrix ⁴ | Fund | Benchmark |
|---------------------|-------|-----------|
| Standard Deviation | 13.9% | 15.9% |
| Tracking Error | 5.5% | |
| Beta | 0.8 | |
| Dividend Yield 2022 | 4.0% | |
| No. of Holdings | 31 | |

Fund Information

| | |
|---------------------------|------------------------|
| Fund Manager | Faisal Hasan, CFA |
| Inception Date | 15th June 2008 |
| Fund Size | USD 23 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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