



Fund Manager Commentary

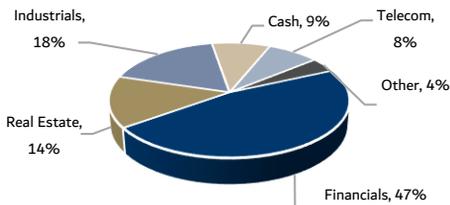
Much like the UAE flag, the colors of red and green had added significance for the country's financial markets with the DFM General Index down by 0.4% and the ADX Securities Index up by 0.7%. The S&P UAE Index however, did stay in the red and was down 0.3% due to being hamstrung by its overdependence on the financial sector and in this case it was FAB. The S&P also foresees a difficult year for the Dubai economy, with the Hong Kong of the Middle East likely to suffer a significant shock this year as the COVID-19 virus takes its toll on the core sectors of the city's economy. The S&P also downgraded the city's flagship real estate developer's investment grade, citing subdued international demand for Dubai's property alongside steeper than expected falls in residential housing prices. GDP in the Emirate according to S&P, will shrink 11% this year with a deeper economic contraction than the decline it experienced in 2009. Dubai announced a new stimulus package worth AED1.5bn to help the economy cope with the effects of the pandemic. It includes aid for the hospitality, retail and construction sectors. This is the third package and the three combined are worth AED6.3bn. These measures come on top of initiatives implemented at the federal level and the central bank, to ease financial and liquidity requirements.

Banks were the belle of the ball as investors looked to Q2 results to truly taken in the financial damage caused by the slowdown in the UAE's economy. Overall, UAE banks stood above its GCC peers, delivering the lowest reduction in NIM's and better than expected cost cutting measures, averaging 13% q-o-q. The nation's biggest bank, FAB, reported profits of AED 4.8bn, down 24% y-o-y. The Abu Dhabi based bank did manage to increase NIM's, which widened spreads by 13bps q-o-q as a result of lowers cost of funds. Asset quality metrics were seen as negatives for FAB, with the bank's cost of risk rising to 106bps from 72 in 1Q20, NPL ratio to 3.9% from 3.5%. For a bank that has previously laid claims that "money can't buy ambition", ADCB surprised its investors by provisioning lower. ADCB had a larger exposure relative to peers to NMC and Finabl, but took lower than expected provisions against loans issued to the aforementioned black sheep. ADCB did manage to cut costs but overall, a challenging operating environment took its toll on the firms Net Interest Income and Non-Interest Income.

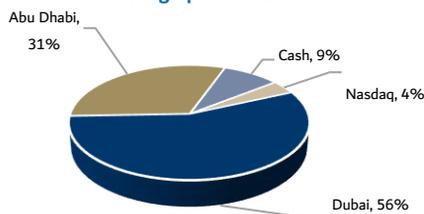
ENBD, often seen as the litmus test of Dubai's economic health came in better than expected largely thanks to the aid of their Turkish subsidiary, Denizbank. ENBD's profit would have been down -41% y-o-y but Denizbank's contribution to earnings allowed the bank to rise 25% y-o-y basis. ENBD also confirmed an FOL hike, one expected to trigger significant passive inflows which allowed their stock to finish in the green for the month of July. DIB on the other side of the coin had focused on protecting its capital and looked to focus on defensively positioning their balance sheet. Overall, their strong loan growth helped offset a sharp spread compression.

Agthia reported earnings down 50% y-o-y due to the unfavourable sale mix. This included the decline in the bottled water segment in the UAE and KSA, the increase in bad debt provisions and finally the exposure to the HORECA segment taking a toll on the company's profits. The portfolio holding turned out to struggle this quarter, as the higher margin water bottles took a significant hit as the knock-on effect of reduced tourism in the two countries reduced hotel occupancy and in turn led to reduced consumption of bottled water. The company did however focus its efforts on cost optimization which allowed the company to still report profits q-o-q. The Abu Dhabi National Energy Company, TAQA, had their stock price double on the news of an asset swap deal with state owned ADPower. The transaction makes TAQA one of the largest utility providers in EMEA, now holding over AED 2000bn in assets.

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 ¹	Fund	Benchmark ²	Alpha
1 Month	-2.2%	-1.8%	-0.4%
YTD ³	-13.3%	-23.0%	9.8%
1 Year	-19.1%	-28.9%	9.8%
3 Year	-16.7%	-34.5%	17.8%
5 Year	-20.5%	-40.8%	20.2%
Since Inc.	19.3%	-56.3%	75.6%

¹ Performance is net of fees; return is cumulative

² S&P UAE Composite Index

³ As of 29th July 2020

Top 3 Holdings

Holdering	% of Fund
First Abu Dhabi Bank	22.6
Emirates NBD	15.9
Tabreed	14.6

Fund Analysis

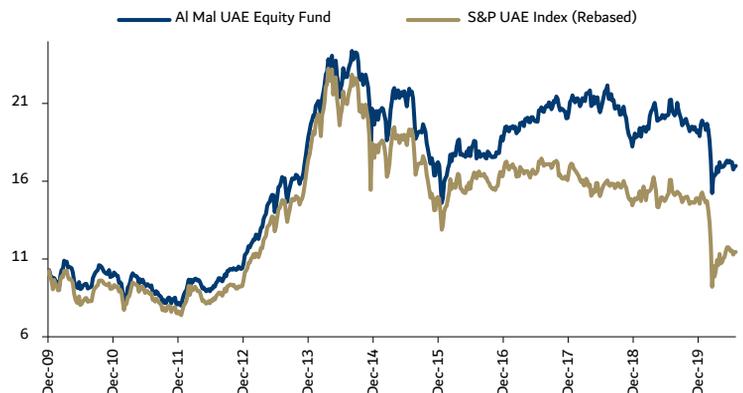
Matrix ⁴	Fund	Benchmark
Standard Deviation	16.4%	22.6%
Sharpe Ratio	-0.50	-0.68
Beta	0.63	
Tracking Error	11.4%	
No. of Holdings	10	

⁴ Calculated using 3-year weekly data

Fund Information

Fund Manager	Sherif El Haddad Tamara Tannir, CFA Jai Lawrence
Fund Size	AED 42 million
Domicile	UAE
Currency	AED
Subscription & Redemption	Weekly
Min Subscription	AED 100,000
Management Fee	1.50%
Performance Fee	20% over 10% hurdle with high watermark
Financial Year End	31st December
Benchmark Index	S&P UAE Composite Index
Fund Type	Open Ended
Administrator & Custodian	Standard Chartered

10Y Fund Strategy Performance



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 or 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.