Dear Ajeej Investors and Friends,

As we approach the tail end of the summer, we thought this would be a good opportunity to share with you some of our thoughts on 2019 so far. Notably, this year has been positive for the Ajeej strategy from fundamental, as well as a from relative and absolute price performance perspectives. While the drift in performance in 2017 and 2018 was driven by our inability to recalibrate to the pricing mechanism of flows and possible miscues on certain macro and policy manifestations in our core market, namely Saudi Arabia, we feel that we have become all the wiser and have grown from this juncture. As you may all know that our goal that of an absolute return allocator, despite a great deal of firm's economics falling on the variable; however, notwithstanding the disconnect, we continue our focus on allocating to the best medium and long-term opportunities on an absolute basis. As of the date of this letter, the estimated year-to-date return of the AMF and AOF have been 20.8% and 20.5% respectively, whilst our regional benchmark has returned 7.8%.

By country, 2019 thus far can be summarised as follows:

Saudi Arabia – the Kingdom continues to battle macro-headwinds driven by long term reform initiatives that have resulted in demand destruction and margin compression in the short term. This represents the largest population exodus due to economics over a two year period in history, resulting in a new equilibrium of firm economics and household behaviour. In this regard we have a private sector who is right-sizing and restructuring at a time when variable unit costs are going up as revenues drop, all this being coupled with lower productivity. Fortuitously (perhaps), this has been juxtaposed against a capital market backdrop which has witnessed strong foreign inflows due to the MSCI EM inclusion. As expected, the first phase of the inclusion in May came with significant volatility, and served as reconfirmation of the investor adage, "buy the rumour and sell the news"; that being said, it does indeed represent a significant development to our capital markets this year, and one that we have been expecting and looking forward to since launching the fund in 2007 to some degree. We reiterate to all our investors, that the inclusion is not something we trade around, and in fact many investors who have tried to do so, have been singed if not burnt; we are fundamental long term asset allocators, and are rather looking forward to what the inclusion means for our region at large when considering global strategic asset allocations from global allocators who have historically overlooked MENA. The market has gained relevance through the inclusion and offers the attractive characteristic advantage of dollarised exposure in a region that offers depth and breadth. The unfortunate aspect is the equilibrium "reset", which will take time. With that said, it does not mean that there are not attractive bottom up opportunities that will avail during this private sector restructuring. We look forward to unearthing these in the coming quarters.

UAE – the Emirates, and especially Dubai, have been chugging along quietly and nicely. Despite being in the midst of a cyclical slow down, some interesting deal making on the non-public side has taken place, which is promising for general foreign investor interest and non-petrodollar FDIs. In March, Uber reached an agreement to acquire Careem (a local ride sharing app) for US$3.1 billion, making it the largest tech-based acquisition in the region to date. Careem, which started less than a decade ago in Dubai, had expanded across the Middle East, catering more carefully to the nuanced preferences of the domestic market, and outperforming Uber at their own game. The culmination of Careem's independent journey is important for two reasons. The first is that from a practical stand point, we will potentially see a number of executives, who are implicitly out of the box thinkers, become active investors across the region, whether it be from a VC perspective or otherwise. Secondly, it is important from signalling and precedent perspectives, specifically for Dubai, as it offers a great example to many entrepreneurs in and out of MENA, as to what can be achieved within the multitude of frameworks offered on the ground here.

In similar vein, on May 1st amazon.ae officially replaced souq.com as the acquisition of Dubai's home-grown e-commerce business played out. From announcement to name change the journey has taken a little over two years, but proudly, the Middle East now has its own Amazon domain. This development along with Uber buying Careem, notably for the region, represent important pillars of expansion for two globally oriented, aggressive and forward thinking companies. For MENA to become a priority for companies like Amazon and Uber, is something that we hope the rest of the global investor universe will start taking note of, and realise that there is still vast untapped potential in this part of the world.

Finally, in the UAE, the government, true to form, is taking an increasingly proactive stance regarding attracting/maintaining high calibre human capital and businesses by rolling out extended visa programmes. The new and aptly names Gold Cards are currently being rolled out to almost 7000 investors and their families. The important differentiation between the new structure and existing three year visas, is that the new Gold Cards are technically renewable, ad infinitum, every decade, effectively making them permanent residency visas. This is a major step in a country (and region) which has historically been reluctant in allotting extended/permanent privileges to its expatriate population.

Egypt – it is important to note that Egypt's exposure to our core strategy, the AMF, has increased to over a third of the portfolio over the past 24 months (from 0%). This is made all the more significant when considering the fact that we completely exited in the market in 2010, and largely stayed away until September 2017 (albeit for a small toe-dip in 2014/15, which was ultimately a net neutral exercise). The IMF programme's final stage and hand out was approved earlier this summer, which frankly was expected given the expedited recovery investors have witnessed in certain parts of the economy. This recovery was driven in part by accelerated gas production from the newly operational El Zohr facilities, which are running 9 to 12 months ahead of schedule, allowing for increased exports, and in turn bolstering the balance sheet. Tourism has also recovered nicely, with tourism receipts forecast to surpass the 2010 record in dollar terms, and this continues to be without the return of Russian tourists en masse. The currency – notwithstanding our continued in-house view that further depreciation in the long term is a structural inevitability – has appreciated almost 20% this year so far on the back of increasing non-energy based FDIs, and less central bank interference. The market itself, in local currency terms, let alone in dollar terms, is one of the better performing markets globally this year and is slowly attracting local investors back to the fore (still some way to go however). The latter development has recently been buoyed by the culmination of the Global Telecom Holding saga which promises to bring approximately US$600mln of liquidity to the market, as well as the increased likelihood of a rate cut from the CBE, which has been one of the biggest detractors to capital market appreciation over the past couple of years.

Finally, with the increased positivity in Egypt, we are seeing some IPO activity return, albeit with smaller names and tickets leading the way. The expectation is that this trend should continue to climb with some larger private market participants announcing their entrances over the next 12 to 18 months. Not only will these provide ample opportunities for investors generally, but in time and with increased market participation, we may slowly see Egypt climbing back up the MSCI's EM pecking order, which as we know can be a powerful positive feedback loop.

There are certainly other important 2019 YTD highlights, however in an effort to keep this letter concise and interesting/readable, we will wrap up our thoughts here. Our team is available for further discussions whether in person or over the phone, so please let us know if you'd like to discuss anything further and in more detail whether we have touched upon it or not.