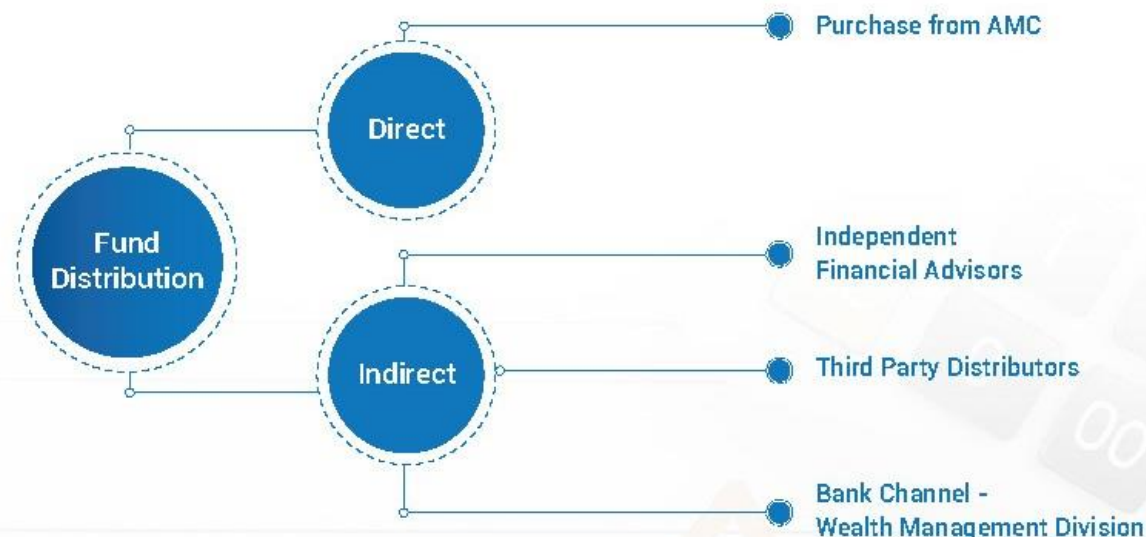


January 2022

GCC Asset Management



Research Highlights:

Analysis of the asset management industry in GCC in terms of size, performance, cost etc., focusing on mutual funds and managed accounts. The report also highlights the challenges and addresses key issues facing the industry.

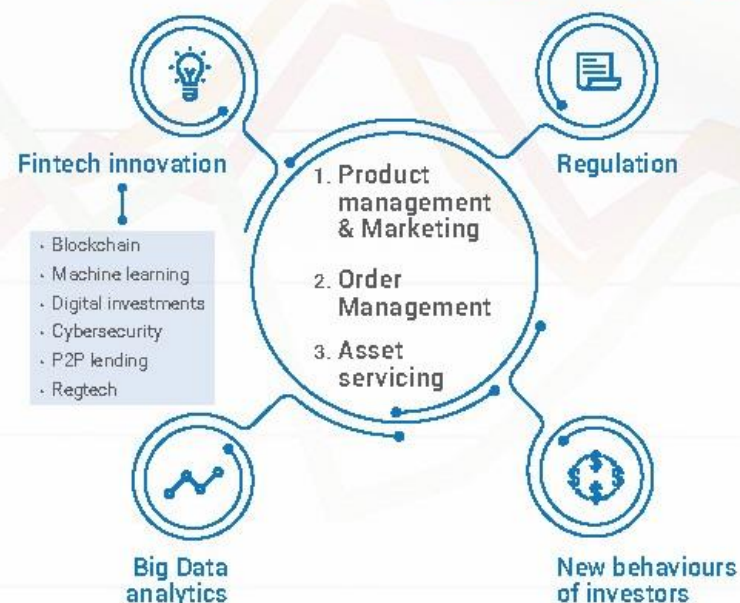


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Executive Summary

GCC Asset Management Industry manages mutual fund assets of USD 55.0billion in about 211 funds as of December 2021.

Geographically, Saudi Arabian mutual funds account for 88.6% of the total (USD 48.7bn), followed by Kuwait mandated funds with 6.1% share.

In terms of products, money market/trade finance fund leads the pack with 79.7% share, followed by equity at 14.3% and real estate at 3.9%, while the remainder is in bond market and mixed assets.

In terms of the number of funds, Saudi Arabia mandated funds lead the table with 122 funds (57.8%). Product wise, there are 140 equity funds, 39 money market/trade finance funds, 11 real estate funds, 13 mixed asset funds and 8 bond funds

AUM /GDP ratio for the mutual funds in GCC region was 3.3% compared to 33.3% global average, implying potential for growth of mutual fund industry in the region.

However, there are also structural reasons for the smaller size of the GCC equity mutual fund assets. First, in the region large holding of equity assets are outside the mutual funds like portfolio managed accounts and Pension Fund and Insurance equity assets.

In addition, the market capitalization of GCC equity markets is lower compared to world averages and the free float market capitalization in the stock markets is lower in GCC compared to global markets

Executive Summary

The GCC mutual fund asset management market is concentrated among the top asset management companies, with the top 10 asset managers (out of 74 managers) accounting for 83% of the total assets being managed.

Riyad Capital leads the list of asset management companies with USD 14.0bn in assets and it commands a market share of 28% among funds that are geographically focused on Saudi Arabia

The ranking of GCC countries in terms of number of funds domiciled, indicate that country of domicile relates to the size of each country's asset management industry with only a few exceptions.

Considering that local investors make up the bulk of participants in GCC funds, local markets tend to suffice as domiciles for these funds, with respective countries being the most popular choices.

Market volatility and increased political risk has kept risk-averse clients away from the market, resulting in stagnant industry AUMs.

Smaller funds sizes and evolving regulations, which vary from country to country, have constrained business growth. Asset growth and higher fees that had hitherto been driving profitability are fast replaced by cost containment measures.

Our study shows, that mutual fund industry in GCC is smaller in comparison to that in other global markets. It has potential to grow larger in the future, if the governments in these countries take steps aimed at attracting more retail investors.

Did you know?

- GCC Asset Management Industry manages mutual fund assets of USD 55.0billion as of December 2021.
- Assets under management (AuM)-to-GDP ratio for the mutual funds in GCC region stands at 3.3% compared to 33.3% global average, implying potential for growth of mutual fund industry in the region.
- Total number of individual investors in the Saudi stock market stood at 5.59 million as of 2020-end against the country's total national population of about 20.7 million
- GCC mutual fund asset management market is concentrated among the top asset management companies, with the top 10 asset managers (out of 74 managers) accounting for 83% of the total assets being managed.
- Banks channel forms the backbone for fund distribution in GCC region. Bank customers often are the target group to whom funds are sold
- Fund fees in the region are higher compared to developed markets like the U.S.A.
- GCC fixed income is an attractive asset class that generally has lower volatility with higher yields as compared to developed market bonds.
- Demand for 'Sukuk' (Islamic bond) as an asset class has been on the rise even among conventional fund managers.

Why purchase the report

The bull market rally has brought investment funds to the fore. Our flagship **GCC Asset Management 2022** report offers insights on asset management industry in the GCC region, their growth path, existing challenges and road ahead

Wide Coverage and In-depth Analysis: The report provides insights on asset management market structure, detailed analysis of public funds by assets, number, category and asset managers. Private fund details /managed account details are discussed for Saudi Arabia and Kuwait – two key markets in the region.

The report dwells on key questions such as how to gather assets from the region, convincing the wealthy to invest domestically and events that could unfold amid ongoing FinTech developments and provides solutions

Key Data Points: The report presents important data points such as,

- Public fund Assets by Countries (KSA, UAE, Kuwait, Qatar, Bahrain & Oman)
- Public fund assets by category (bonds, equity, trade finance/money market, real estate, mixed assets)
- Public fund assets by asset managers
- Private funds data for Saudi Arabia
- Managed accounts data for Kuwait & Saudi Arabia
- Fee structure of funds
- Corporate debt issuance by value since 2010
- Sovereign debt issuance by value since 2010
- Value traded (liquidity) data in regional equity markets since 2006
- Value raised in IPO since 2005
- Number of IPOs since 2005

Key Discussion Points

- Structure of public funds market in GCC region
- Regional capital market developments
- GCC Debt market
- Mutual funds in the GCC region
- Challenges faced by asset managers
- Strategies to gather assets in the GCC region
- Priority areas for regulators to improve asset management industry
- What opportunities and challenges could unfold amid FinTech developments?

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About Marmore

Marmore MENA Intelligence is a fully-owned research subsidiary of Kuwait Financial Center 'Markaz'. Since 2006, Markaz Research has been at the forefront in disseminating thought-provoking, hard-data backed research reports. Marmore continues that legacy with a focused approach to providing actionable solutions for business leaders and policymakers.

Since its inception, Marmore has published over 700 research reports and covered more than 25 varied industries and infrastructure segments; all focused primarily on the GCC economies. (To view our Research Library, please [click here](#))

With over 30 policy and regulatory research studies published, Marmore has partnered with renowned regional think-tanks and opinion-leaders to publish some of these intellectually provoking policy research papers. These research studies aim to initiate dialogue and propose better solutions to existing economic conundrums. (To view our Policy & Regulatory research report, [click here](#))

Marmore provides research-based consulting solutions to help understand current market conditions, identify growth opportunities, assess supply/demand dynamics, and make informed business decisions.

Almost on a weekly basis, Marmore publishes thematic economic, industry, policy and capital market reports. Marmore has been recently conferred "Research Provider of the Year - 2018" award by Global Investor, a Euromoney Group company. To learn more, visit www.marmoremna.com

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- Over **63** Client projects executed
- Frequent media citations and conference participation
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CONSULTING SERVICES

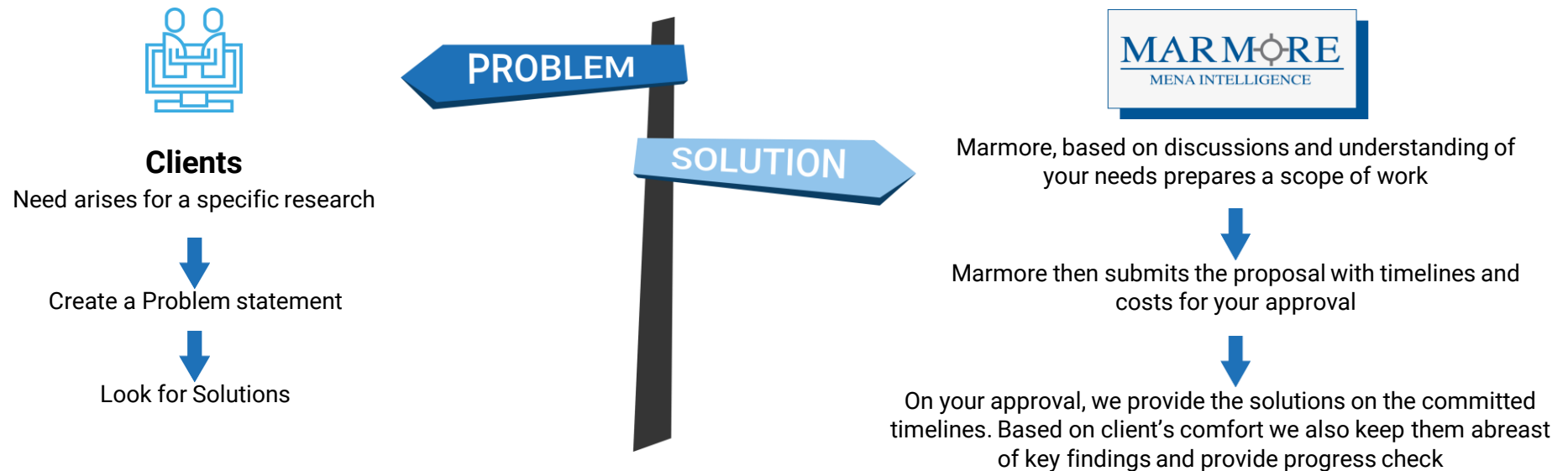
Our GCC focus enables us to provide bespoke consulting services based on clients requirements



PUBLISHED RESEARCH

We provide GCC focused research on demand or subscription

Customized Research Offerings – You ask we Deliver



MARMORE CREDENTIALS

Case 1:

Problem: A leading Venture Capital firm wanted to establish itself as a thought leader in the VC space in Saudi Arabia for which it needed a customized research on Venture Capital industry

Solution: Marmore prepared a very comprehensive report for the client and also supported in popularizing the report on Digital platforms

Impact: The client received very positive response for the report and would be engaging with Marmore for more reports subsequently

Case 2:

Problem: A leading Kuwaiti Bank, set up its economic research desk, for which it needed support for creating very insightful reports in the Economic domain.

Solution: Once the topic was finalized and approved by the client Marmore prepared a very insightful report in the committed timeline.

Impact: The report was very well received by stakeholders. Marmore's effort in the creation of the first report resulted in subsequent report awards by the client. Marmore got into a long term agreement with the client to provide research support on a continuous basis.

Consulting - GCC region imposes a unique set of challenges



The GCC governments are increasingly recognizing that the global outlook and economy are swiftly changing, and this poses



Demographic challenges



Shift in economic powers



Energy markets

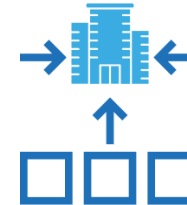


Investment



Employment opportunities

Refer our Report on [Consulting](#)



Unique challenges companies face in GCC



Challenges faced by foreign consultants

- ✓ Understand the Cultural fit
- ✓ In-depth regional awareness and capacity to provide real time solutions
- ✓ Ability to validate and overcome the information gap
- ✓ Ability to deal with data paucity



Challenges faced by local companies

- ✓ Ability to analyze the big picture and find opportunities
- ✓ Ability to connect findings with global developments

Consulting - We only win when our clients win

We at Marmore thrive on overcoming all the challenges and create value for our clients



Our breadth of coverage and deep dive research capabilities enables us to be preferred partners



Our experienced team is adept in data validation



We conduct channel checks to authenticate information



Having our Parent in Kuwait, we are well verse with cultural aspects of the region and attune our findings in accordance



We have the ability to come up with a solution which actually works for the region

Why partner with us?



Dealing with GCC region requires immense experience to understand the nuances and deliver:

Marmore's experienced and qualified Team is an asset to have



What differentiates us with others is the ability to provide solutions on a spectrum of topics like Industries, Economies, Policy and Technology - *We take pride in our breadth of research*



In a region with lack of appropriate data, ability to collaborate with relevant stakeholders is a key strength – *Our presence in Kuwait and connection with relevant stakeholders across GCC region gives us advantage over competition*



We believe in good actionable work and serve our clients to the best of our ability – *Our work speaks for our clients and our clients speak for us*

Consulting Experience:

Case Study 1: Study on Fintech Adoption in Kuwait (2019)



BACKGROUND

Advent of modern and disruptive technologies means that the world of finance and money is undergoing several momentous changes. This presents both opportunities and threats to the existing financial order. In this context, a quasi government institution in Kuwait engaged us to understand the state of FinTech adoption in Kuwait.



KEY CHALLENGES

Coordinating the interview schedules of over two dozen key personnel in Kuwait within a short span of time. Synthesizing the information collected into useful insights that could help in the development of FinTech related policy within the set deadline was a challenge.



MARMORE APPROACH

Marmore conducted extensive meetings and interviews ranging from government entities, corporate professionals, entrepreneurs and start-ups in Kuwait to understand the developments in FinTech space. In the Kuwait banking sector, Chief Executive Officer (CEO) and Chief Information Officer (CIO), or equivalents, were personally met and discussions were held to gain insights into their strategies and their work related to FinTech.

By factor analysis, self-constructed indices and analytical efforts the collected data was used to identify the ability of FinTech to impact Kuwait bank profits



KEY PROJECT BENEFITS / SUCCESSES

Recommendations for Government agencies, private sector (banks and other financial institutions) and the FinTech sector to help cement Kuwait as a serious FinTech player were provided. The recommendations covers a mix of long- and short-time line actions that will help shape the Kuwaiti ecosystem in terms of skills or talent, critical investments and infrastructure that will help better balance risk and innovation

The report findings were also presented by Marmore to a wide member of distinguished audience at the FinTech Forum held in Kuwait.

Consulting Experience:

Case Study 2: To conduct a valuation study (2019)



BACKGROUND

An Egypt-based asset management company approached Marmore to conduct a independent valuation study on one of the largest Egyptian consumer utility companies in the energy sector. The project required us to value the company by also ascertaining the fair valuation of all the non-listed investments of the company.



KEY CHALLENGES

The energy sector company had investments in many private companies which were reported on a historical book value basis and didn't represent the fair value of these investments. Diverse nature of these investments, cross ownerships and limited availability of data were key challenges in ascertaining their fair value.



MARMORE APPROACH

Marmore developed the valuation report by performing an in-depth financial analysis of the company while relying on the information provided by the client and publicly available data. Extensive research was carried to find out greater details for all the non-listed investment companies, and reasonable assumptions were taken to arrive at the fair value. A detailed valuation model was prepared with three scenarios. Two prominent methodologies in the form of discounted cash flow and trading comparable (using local and foreign peers) methods were used to conduct the sum of the parts valuation of the company



KEY PROJECT BENEFITS / SUCCESSES

The valuation report provided actionable insights to the client and also helped them to understand the fair value of all the non-listed investments of the company.

Marmore received very encouraging feedback from the client, as our report was also presented to the board of the company for consideration to re-classify its investments as 'available for sale' using fair value approach instead of cost approach.

Client testimonial

Marmore services were very useful and their team have provided a timely and reliable service in a challenging task. We are definitely looking for more cooperation in the future

Consulting Experience:

Case Study 3: To develop market penetration strategy (2020)



BACKGROUND

One of the leading regional bank in the GCC region aspiring to expand its market beyond its home country required to develop market penetration strategies for a specific target market. Marmore was engaged by the Bank to conduct the study and provide optimum solutions.



KEY CHALLENGES

The Bank was looking to enter the market by establishing a digital presence in the target market. As the concept is still relatively new for the GCC region, we had to rely on trends and patterns that existed in the developed markets. The problem was confounded due to paucity of data in both regional and international markets.



MARMORE APPROACH

In order to build effective strategies we created a lot of case studies to better understand the pain points in entering the market with digital only presence and also prepared competitive landscape for GCC region. We evaluated the potential target market with the help of third party surveys and segmented the market into different categories. For each of the customer category, strategies were proposed in terms of preferred product, features that they must sport and relevant marketing activities to capture that segment. Marmore also helped the bank with a detailed financial break-even model for the proposed digital presence.



KEY PROJECT BENEFITS / SUCCESSES

Marmore compiled all the findings in an effective manner and prepared a detailed report with multiple market penetration strategies for the client. The client has presented the findings to their Board to pursue the path with greater conviction.

Select Client Testimonials

We were fortunate to work with Marmore on our project recently. The team was always professional, efficient and attentive to all our requests. They were prompt in addressing any concerns raised and we felt at ease approaching the team with our needs. We were pleased with the end result and would not hesitate to highly recommend Marmore for their business

intelligent services
Dr. Fatma Al-Awadhi
Founder of Kuwait-based Aesthetic Clinic

Marmore team is very professional, from day one I saw that when they replied to my first email. We had our first project and they did a great. Many changes have been done and they were very flexible with us. It will not be our last project for sure, thanks

Marmore team
Abdullah Moalla
Head of Communication & Business Development, Riyadh Valley Company

Marmore has provided both timely and reliable services in the provision of market data. This service has proven valuable in supporting the research activities of Acreditus across all our client focus areas of credit, rating and Islamic finance advisory. I sincerely hope to continue to engage them on more advanced projects soon.

Khaled El-Howaidar
Managing Director and Founder of Acreditus

The experience of working with Marmore has been very positive. A precise understanding of our requirements and high quality deliverables were the key takeaways. The turnaround time for the tasks was excellent, without any delays and the tasks were handled in a professional

manner.
Nigel Sillitoe
CEO, Insight Discovery - UAE

We have worked with Marmore in many occasions and are impressed with their in-depth research approach, quality analysis, and best of all, timely delivery. The team at Marmore also understands the regional business dynamics and provides exact, tailored solutions.

Ahmad Khamis
CEO, Bloovo.com

Marmore services were very useful and their team have provided a timely and reliable service in a challenging task.

We are definitely looking for more cooperation in the future.

Mrs. Rana Adawi
Chairperson and Managing Director of Acumen Asset Management

POPULAR RESEARCH 2021

