GLOBAL INVESTOR/ISF MENA AWARDS SPECIAL ISSUE AUTUMN 2016

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MENA AWARDS SPECIAL ISSUE

Going global

Comprehensive guide to UAE capital market developments

CONTENTS

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Remarkable resilience

Dubai is the most open and widely-known Middle Eastern market. Now the emirate is planning a new phase of development, writes *James Gavin*

Dubai's allure as the MENA region's most dynamic and open market is well understood by global investors. It is already a well-established world city that has long attracted investors to its shores.

"Over the past decade, the Dubai International Financial Centre (DIFC) has managed to house some of the biggest names in the global financial industry, with a regulatory framework modelled on London and New York, thereby establishing itself as the model financial hub in the region, between the eastern and western hemispheres," says M R Raghu, head of research at Kuwait-based Markaz.

Like other Middle Eastern markets, Dubai has had to navigate some choppy conditions. The Dubai Financial Market (DFM) recorded a slowdown in trading activity in the first half of 2016. Although the former debt-laden Dubai real estate developer Nakheel finally paid off its last instalment on its sukuk in August 2016, the emirate still faces loan and bond repayments of $22bn through 2018.

Market chiefs in Dubai are nonetheless chipper about the emirate's outlook. DFM chairman Essa Kazim notes a high level of resiliency considering the unfavourable circumstances of lower oil prices as well as international markets' volatility in the first half of 2016. The DFM General Index has been one of the best performing among leading indices globally advancing more than 5% during the first half, he noted in an announcement of the exchange's first-half results. "Additionally, foreign investors have increased their participation on the market from 16% during the first half of 2015 to 17% during the same period of 2016 and they were net buyers of AED1.4bn ($0.38bn), a 53.6% increase," he says.

That, according to Kazim, clearly underlines their growing confidence in the market. The DFM is now looking to develop and enhance market infrastructure and regulations, launching this year a direct-deals service to streamline bulk deals on shares of a listed company within a fair and transparent environment while being exempted from the price cap in effect (15% up and 10% down).

New funds emerge

The DFM's efforts to provide investors with new financial instruments have gained momentum with the listing in late June 2016 of Afkar Capital's Exchange Traded Fund (ETF) – a first of its kind step in the UAE. This is intended to provide investors with an alternative investment tool to access some of the leading listed companies.

The IMF has lauded Dubai's resilience, noting that its domestic investments are likely to drive a rapid acceleration in economic expansion to 5% by 2020, the year its Expo 2020 trade fair opens. The World Bank meanwhile forecasts non-hydrocarbon growth rising as megaproject implementation ramps up ahead of Dubai's hosting of Expo 2020. It also predicts the lifting of sanctions on Iran will translate into increased commerce, trade, and investment between Iran and the UAE, particularly Dubai. Dubai awarded around $14bn of new contracts in the first six months of 2016, a 60% increase on the same period in 2015.

In the financial sector, the DIFC is primed to play a key role in embellishing Dubai's growth story, taking advantage of the UAE's increased connectivity. This is likely to yield benefits for the DIFC, says Eric Salomons, director, head of markets at the Dubai Financial Services Authority (DFSA), with opportunities for more cross-border issuance.

"The DIFC is already well positioned

to reap the benefits from increased regional connectivity as the DIFC positions itself as a gateway between capital markets in the East and West, providing an internationally recognised framework in regulations and common law providing access to the region's growing demand for financial and business services," says Salomons.

A good example of this can be found in the listing of Orascom, a sizeable international player with a listing in both Egypt and Dubai. Around the time of listing the DFSA approved the direct membership of Egyptian brokers to the DIFC exchanges. "This interconnectivity will increase the efficiency of regional markets and lower the cost of capital raising issuances of securities," says Salomons.

For the exchanges and clearing houses operating in the DIFC, international connectivity has also always been a critical building block. Currently, 63 firms located in overseas markets connect as a direct member to either NASDAQ Dubai or the Dubai Mercantile Exchange. This allows them to trade in the DIFC exchanges without a physical presence in the DIFC.

Additionally, DIFC is home to NASDAQ Dubai, an exchange designed for the listing of companies doing business predominantly across the region rather than in the domestic market. Nasdaq Dubai opened an equity futures market on 1 September 2016 to trade single-stock futures on the shares of some of the UAE's biggest companies. This will initially trade futures in ten stocks, which account for about 55% of the traded value of all listed equities in the UAE. The introduction of stock futures stands to transform equity markets given the restrictions on short-selling and limited avenues for hedging.

Dubai is making concerted strides towards becoming a truly regional and international trading platform. The DIFC again has a key role to play here, reflected in its international focus and the variety and jurisdiction of origin of financial services firms that have been licensed by the DFSA and, for instance, the composition of the capital markets.

"The DIFC has managed to house some of the biggest names in the global financial industry, with a regulatory framework modelled on London and New York"
M R RAGHU, MARKAZ

Sukuk centre

Dubai is also increasing its involvement in sukuk. "We have in the last three years seen various international issuers raise debt capital through an offering of sukuk – from the government of Hong Kong, Chinese banks or international education providers," says Salomons. "We have also seen the DIFC develop a growing market for the trading of over-the-counter (OTC) and exchange-traded derivatives and it is home to a credible crude oil benchmark for Asian end-users."

As the market has grown over the last three years, the DFSA will be looking at further enhancements to its regime for OTC derivatives. "For 2016 you can also expect further public consultations on enhancements of our AML Rules and we aim to finalise our work on insurance activities currently out for consultation," says Salomons.

Other initiatives in Dubai reflect the need for financing of small and medium enterprises (SMEs). Locally, fintech has been on the rise and has received much attention from businesses as well as regulators.

One element of fintech is peer-to-peer lending and other forms of crowdfunding. The DFSA, says Salomons, is looking at crowdfunding and peer-to-peer lending platforms and is considering how to provide an enabling regulatory framework for this sector. It is also likely to consult on proposed rules for crowdfunding in the next few months.

Islamic finance remains a key opportunity for Dubai, with the emirate establishing itself as the capital of the global Islamic economy. Nasdaq Dubai is now the leading venue globally for the listing of sukuk and there a number of economic factors as well as regulatory developments that may further develop the sukuk market. During 2015, 19 sukuk were listed on NASDAQ Dubai and at the mid-year point 2016 looks as if it will be just as active.

The development of the derivatives markets in commodities and other asset classes also looks promising in Dubai. "The legal and regulatory framework in effect in the DIFC lends strong credibility and legal certainty to opting for DIFC Law and booking transactions in the DIFC," says Salomons.

Some challenges have emerged in the last 12 months however. Dubai is experiencing the effect of lower oil prices on the economic environment, challenging the regional economies. Reduced export income for the region overall has meant lower demand for the investment opportunities Dubai offers, which led to reduced trading volumes on the exchanges in 2015 and early 2016.

But Dubai's strengths are also coming to the fore. "Where Dubai has really done well is that it is an undisputed regional leader as a service hub. If you are a service company and your regional head office is not in Dubai, you are missing out," says Akber Khan, senior director of asset management at Al Rayan Investment.

UAE engine room rethinks its fuel

The capital is looking to embellish its sizeable oil and gas economy with a financial services strength, writes *James Gavin*

Abu Dhabi remains the engine room of the UAE economy, accounting for two-thirds of its $400bn economy, 60% of its investable wealth and 75% of its assets under management (AuM). The oil-rich emirate is looking to leverage its massive hydrocarbons reserves – estimated at almost 100 billion barrels, equivalent to 6% of total global reserves – to achieve economic transformation and competitiveness.

First, though, it has had to deal with a prolonged period of energy low prices. With its main revenue source declining, Abu Dhabi's government was forced to cut spending by 20% in 2015 and it planned for a further 17% reduction this year. A host of measures to raise state income and ccompanying reforms have included hiking utility rates for expatriates.

Abu Dhabi's deficit financing strategy entails tapping international capital markets, opening up an opportunity for investors, rather than running down government deposits. In April 2016, Abu Dhabi issued a sovereign Eurobond worth $5bn, and increased domestic sovereign issuance is also facilitating new funding sources.

Despite somewhat adverse economic conditions, there is no sense of crisis in Abu Dhabi. The fiscal reserve position is robust, and is expected to remain above 200% of GDP over the next few years, even without a recovery in oil prices.

This year, the Abu Dhabi government refreshed its Vision 2030, a long-term plan to drive down the emirate's oil dependence by refashioning it into a diversified economy, led by finance, tourism, technology and renewable energy. The mantra from the Abu Dhabi Crown Prince Mohammed Bin Zayed al-Nahyan is to think beyond oil prices. As he commented last year, Emiratis should "celebrate" when they export the last barrel of oil in 50 years' time.

Investment managers appear upbeat about its prospects. "The UAE is impacted by the significant oil decline but the fact remains that it is the most diversified economy in the region. While Abu Dhabi has been impacted, it was well into the process of diversifying its economy away from oil," says Sachin Mohindra, senior vice president & portfolio manager at Invest AD.

ADGM ambitions

The emirate is at the epicentre of the MENA region. "Spanning North Africa through to South Asia, the MENA region is incredibly diverse and Abu Dhabi is seen as a stable, liquid and dynamic market – a regional centre for investment," says Stephen Davie, communications director at ADS Securities, an Abu Dhabi- based and owned international financial services company.

The intention is to focus on the emirate's nascent financial services strengths. One of the most ambitious projects is the Abu Dhabi Global Market (ADGM), located in the latest UAE financial free zone. This brings a range of opportunities. Comprising a Registration Authority, Financial Services Regulatory Authority and the ADGM Courts, it supports the strategic plan of Abu Dhabi's economic vision for a diversified, sustainable economy. ADGM serves as a catalyst to grow its financial sector and establish an internationally-aligned centre based on common law.

Some four years since it was first established, the ADGM's founders have refined its focus, moving beyond wealth and asset management, as well as private banking, to offer a full spectrum of services with a noted slant towards Asian markets, seeking to tap into capital flows to and from major economies such as Hong Kong and Singapore. The ADGM's Financial Services Regulatory Authority CEO Richard Teng was previously the chief regulatory officer of the Singapore exchange.

"ADGM was primarily conceived

to meet Abu Dhabi's long-term development and economic ambitions," says MR Raghu, head of research at Markaz. "It will increase competition among existing financial centres that vie for attention from both regional and international financial institutions, especially the ones that wish to take advantage of the relatively liberal regulatory environment in the UAE."

Though it declared itself open for business in October 2015, it is still early days. Abu Dhabi is only beginning to establish a financial free zone and may still need some time to gain traction. International and regional banks are expected to set up shop during 2016 and Australia's Macquarie and the UK's Aberdeen Asset Management have already decided to be based in the hub.

> **"While Abu Dhabi has been impacted by the oil price decline, it was well into the process of diversifying its economy away from oil"**
> **SACHIN MOHINDRA, INVEST AD**

With the opening of ADGM in 2012, Macquarie Capital became one of the first tenants. "ADGM makes sense to Macquarie and other financial institutions looking to operate in the capital," says a spokesperson. "From an operational and judicial perspective, it provides the right infrastructure for Abu Dhabi's financial institutions to grow and operate in a transparent and business friendly environment. Additionally, Macquarie Capital is well established in infrastructure finance, which is perfectly in line with Abu Dhabi's strategy for infrastructure development."

The spirit that exists between ADGM and other regional centres is one of collaboration, and this is how it intends to move forward. It will play a full part internationally. For example, within three months of inception the FSRA became a member of the International Organisation of Securities Commissions (IOSCO), the International Association of Insurance Supervisors (IAIS); and the Financial Action Task Force (FATF).

In August 2016, ADGM signed an agreement with the Indian securities regulator to promote cross-border financial activities between the UAE and India, following in the wake of similar cross-border deals with other Asian centres. As Teng noted, with the internationalisation of capital markets, ADGM is committed to establishing closer cooperation among global regulators to facilitate cross-border financial activities and uphold the integrity of markets.

Friendly competition

Collaboration is also taking place closer to home. In August, the two financial free zones of Dubai and Abu Dhabi signed a memorandum of understanding (MoU) aimed at increasing cooperation and a greater exchange of information.

ADGM is meanwhile looking to deepen the financial technology (fintech) ecosystem in Abu Dhabi. In May, the FSRA signed a MoU on technology development and innovation in financial services with Flat6Labs, following ADGM's proposed Regulatory Laboratory (RegLab), a tailored framework that allows firms deploying innovative technology in the financial services sector to conduct their activities in a controlled and cost-effective environment.

The new partnership provides a framework for FSRA and Flat6Labs to harness each other's expertise and knowledge to build and introduce initiatives that strategically support the development and growth of the FinTech ecosystem in ADGM, Abu Dhabi and beyond. "The framework is designed to allow startups to get over the regulation hurdles. ADGM is pushing to get a framework that allows fintech firms to be established in the UAE and operate across the region," says Victor Kiriakos, managing director at Fla6Labs.

ADGM is also developing relations with the Abu Dhabi Securities Market (ADX), following a MoU signed in late July under which the two sides agreed to explore the possibility of establishing a trading market in ADGM's Al Maryah Island free zone. With the MoU, ADX and ADGM can jointly explore and develop financial products and services that will further boost economic growth and the investment sector of Abu Dhabi. Both entities will set up a working group to develop strategic objectives and cooperation initiatives. The MoU will also enable both organisations to work on key areas such as provision and exchange of expertise, financial markets assistance and cooperation, training and others.

As ADS's Davie notes, both the ADX and DFM have outperformed the other regional exchanges so far this year. The ADX, like ADGM, is committed to strengthening the capital market, developing a system for asset and wealth management, channeling financial surpluses in the financial sector towards investing in the core sectors, and activating non-traditional financing methods.

The ADGM will meanwhile work closely with stakeholders to develop the ecosystem, support local institutions to become regional and global champions, and welcome international institutions to anchor themselves in Abu Dhabi. The spirit of friendly competition with Dubai suggests both emirates' financial centres see their strengths as complementary rather than exclusive.

Looking beyond oil

Low oil prices have challenged the UAE's finances, but are also a spur for lasting reform that will deliver a more diversified economy, writes *James Gavin*

Even for the most diversified of Middle Eastern economies, oil prices matter. The drop in crude prices since late 2014, after OPEC abandoned production restraint in favour of the pursuit of market share, has hit the UAE's finances hard. While the decline in oil prices has had its positive spin-off effects, notably in precipitating reforms of fuel subsidies, there is no disguising that the country's long-term prospects are still closely tied to the price of a commodity that it pumps almost three million barrels of each day.

It's not hard to see why policymakers are so fixated by oil prices. "The UAE's budget breakeven oil price is $70 per barrel, but Brent has been trading at around $49 a barrel, so there's a financing gap. That affects Abu Dhabi, because the economy is mostly oil-related. Dubai has an expansionary budget, and the Expo 2020-related projects seem in good shape. But every month loans to the sovereign go up by AED5bn ($1.36bn)," says Giyas Gokkent, a senior economist at the Institute of International Finance.

According to Moody's, the ratings agency, the low oil price environment continues to have material, and in some cases profound, implications for economic growth and the balance sheets of GCC sovereigns, which largely rely on oil and gas to drive growth, finance government expenditures and generate hard currency for servicing foreign-currency-denominated debt.

"Low oil prices have also impacted liquidity, as the government is depositing less into the banking system and withdrawing more, so companies can't access as much cash as they used to. As a result, they are holding off from making investment decisions. That translates into a slowdown in growth," says Philip McCrum, director of advisory for consultancy EY in the MENA region.

Over the past five years UAE GDP was growing at an average of 4.5-5% a year, but over the next two to three years it is looking half that level, about 2-2.5%, points out McCrum, though this is better than the 1% growth that he expects Saudi Arabia to experience over the next couple of years.

Signs of strength

In the summer of 2016, oil prices showed signs of tentative strengthening. After a period when Brent crude prices were closer to $30 than $40, the second quarter of this year saw an improvement with Brent oil prices rising to an average of $45 a barrel, up 35% on the previous quarter. It has now returned to the $50 per barrel trading zone.

Although Libya's production is still largely down on its pre-2011 conflict peak, the return of Iran to the global market after the removal of sanctions has played a critical role in boosting global supply levels. The impact, inevitably, has been bearish for prices, with global demand below recent historic levels. The latest OPEC data points to oil demand growing by 1.2m barrels a day (b/d) in 2016, slightly below the average of 1.4m b/d in the 2010 to 2015 period.

Moody's expects oil prices to remain within a $40-$60 per barrel range over the medium term. "While we have revised upwards our near-term estimated prices for oil, our medium-term expectation of 'lower for longer' oil prices remains unchanged. We therefore expect GCC countries to continue to face economic, fiscal and external challenges," says Steffen Dyck, a senior credit officer at the ratings agency.

This still has implications for the most economically diversified UAE emirate, Dubai, even though its services-based economy is not as strongly correlated to oil prices as that of Abu Dhabi. It has joined Abu Dhabi in pushing through reform of its subsidies regime, and increasing fees. "Dubai has got a broad economic base but there's no

disguising that the oil price collapse has accelerated the implementation of economic reform measures. There is now a strong realisation that they can no longer postpone these decisions," says McCrum.

Spending constraints

While oil prices at current levels have left many Gulf state budgets in deficit, the oil price fluctiations are unlikely to have a significant impact on the UAE's creditworthiness. The UAE remains one of the best-positioned GCC sovereigns in terms of both the size of its financial assets compared to government spending and low oil prices fiscal break-even point.

The UAE is in a notably more comfortable economic position than other Gulf states. "The UAE has got a small population and has managed to stash a lot of cash and invest it wisely. The top three sovereign wealth funds in the UAE are sitting on assets in excess of $1trn," says McCrum.

Low oil prices have also forced the government to look afresh at new ways of funding the fiscal deficit. Whereas in 2015, it was happy to pull government deposits out of the banking system and draw on foreign exchange reserves, the funding mix will in future be more heavily geared towards bond issuance.

This ties in with a broader re-evaluation of the UAE's economy in light of lower oil prices. Things have slowed down in the UAE, says McCrum. "Since the oil price drop, both the federal and emirate level governments have taken stock and re-evaluated what they are doing and why they are doing it. They are now prioritising the things that they need to have, rather than the things that are nice to have," he says.

> "Low oil prices have impacted liquidity, as the government is depositing less into the banking system and withdrawing more"
> PHILIP MCCRUM, EY

Abu Dhabi has had to substantially cut spending to reduce the budget, but it is tapping external debt markets and the Abu Dhabi Investment Authority for the remainder. "The financing gap is significant but the authorities are taking adjustment measures, such as a 3% tax on rental contracts for expatriates, and increased municipal fees for hotels," says Gokkent.

Diversification

The outlook for oil prices does not look especially favourable; Goldman Sachs, the investment bank, sees oil staying in a $40-50 a barrel price range, with the potential for disrupted supply rebounding. In this uncertain context, the UAE will focus more strongly on opportunities emanating from diversified sectors such as retail and tourism.

Dubai for one is firmly focused on its Expo2020 project, a major global exhibition that is forcing a major investment in infrastructure and hotel facilities. According to research firm Tophotelprjoects, some 183 hotel projects are under way in the UAE and account for 54,000 rooms. Of these, 56 hotels are expected to come into operation in 2017, with 58 more in 2018. Dubai and Abu Dhabi have the most projects under way, with 131 hotels accounting for 41,133 rooms in Dubai, and 24 hotels in Abu Dhabi with 6,486 rooms. Abu Dhabi expects to get 2,400 new hotel rooms this year, with exhibitions pushing demand in the capital. Dubai is also encouraging more construction of midmarket hotels.

Retail is another key sector that has helped to diversify the UAE economy away from excessive dependence on hydrocarbon flows. Retailing in the UAE is expected to achieve 5% per annum growth, according to an analysis by the Dubai Chamber of Commerce and Industry. This growth, underpinned by robust consumer spending, is also expected to continue rising in the medium-term, with growth rates projected to stabilise at about 4% on average per year, leading to a total spending of more than AED750bn ($204bn) by 2017.

The Dubai Chamber says that consumer confidence in the UAE has not been negatively impacted by expectations of decelerating economic growth in the region. Data for retail sales and consumer spending indicates that the retail sector is growing faster than the UAE economy as a whole, it says.

In the long-term, the UAE's ambition is to build a sufficiently diversified economy that is able to comfortably absorb the impact of fluctuating oil prices. Conveniently perhaps, the low oil prices have provided the stimulus for the government to up the ante on reform. The results should start to make themselves felt in coming years.

Design for diversification

As an outward facing economy the UAE is not immune to events beyond its borders, both positive and negative, says *James Gavin*

The UAE has certainly earned its reputation as the Gulf's most diversified and outward-facing economy. Extensive trade and investment relations within the region and beyond have left UAE companies active in countries from Iran to Morocco and beyond, with sectoral strengths in real estate, retail, trade, energy, logistics and manufacturing. Dubai's geographical position means it is a regional *entrepot*; a significant slice of regional goods pass through it on the way to Saudi Arabia and other key MENA markets.

Its much-prized openness has helped burnish the UAE's reputation over the years as a regional safe haven, able to attract capital and investment when other MENA countries appear less stable. On occasion though, this outward orientation has not aided diversification as much as it perhaps could. The past couple of years of low oil prices has dampened economic activity across the region and Dubai in particular remains dependent on its regional neighbours to keep tourism and investment flows going.

Economic adjustment

Despite its economic diversity, the UAE has had to adjust to lower oil prices. The Abu Dhabi and federal governments have restrained expenditure in order to protect the state finances. The country's foreign exchange savings also provide a formidable backstop. These are believed to stand at $1.3trn, the equivalent of 400% of GDP. With public debt low, and a dollar peg anchoring monetary policy, the global headwinds have not been able to disrupt the UAE economy's stability.

"The economy is in a reasonable position to weather low oil prices because of the savings the sovereign can draw on," says Paul Gamble, senior director, sovereigns at Fitch Ratings. "At the same time, they have shown that they can access the international debt market fairly cheaply."

Some key sectors, notably construction, have felt the impact more than others. "There's a bit of belt tightening on capital spending that is impacting construction. The slowdown is at a manageable pace," says Gamble.

Dubai, in contrast to other emirates, has sustained a stronger focus on counter-cyclical expenditure. With the Expo 2020 exhibition just four years away, it has less scope to consider a slackening of the pace of infrastructure development. "In Dubai there are strong countercyclical steps, with the budget up 12% and lots of infrastructure projects on the books. With new mega-towers being planned, Dubai is not scaling back on projects in the context of Expo 2020," says Mathias Angonin, an analyst at Moody's Investors Service.

In the meantime, analysts remain broadly positive about the direction of travel for the UAE economy as a whole. According to SAMBA Financial Group, a Gulf-based bank, a positive momentum is being maintained and job creation is favourable. The bank expects sentiment

and activity to improve in the second half of the year as oil prices recover, and increasing trade and investment activity with Iran following the lifting of sanctions. Overall, non-oil sector growth is projected to remain positive at 2.2%, albeit down on the estimated 3.5% in 2015.

Iran dynamic

Iran is in fact a potentially significant new element on the UAE's longer-term economic horizon, tempered though by political sensitivities surrounding Gulf attitudes towards Tehran.

According to Jason Tuvey, a Gulf-focused economist at Capital Economics, the UAE is likely to be one of the main beneficiaries from a revival of Iran's economy. "The jump in Iranian oil supplies has weighed on oil prices and limited the scope for the UAE to raise oil production further," he says. "Crucially, however, the UAE has by far the strongest trade ties to Iran in the MENA region. Exports to Iran are equal to 9% of

> "In Dubai there are strong countercyclical steps, with the budget up 12% and lots of infrastructure projects on the books"
> MATHIAS ANGONIN, MOODY'S

> **"There's a bit of belt tightening on capital spending that is impacting construction. The slowdown is at a manageable pace"**
> **PAUL GAMBLE, FITCH RATINGS**

GDP and we've argued before that the Islamic Republic could see strong growth of 6-8% in the coming years."

According to the IMF, in its Article IV assessment of the UAE economy issued in July 2016, the easing of Iran sanctions was estimated to add 1% to the UAE's real GDP growth over 2016-18. However, the significant positive impact might be delayed beyond 2016, as financial institutions' re-engagement with Iran remains slow and so far trade does not appear to have picked up appreciably.

Much will invariably hinge on political relations between the Gulf states and Iran. While Dubai has longer-standing trade links to the Islamic Republic, the government in Abu Dhabi is more cautious about an outreach to President Hassan Rouhani's government. There remains a broader reluctance to re-energise commercial ties so long as international banks remain subject to US restrictions in dealing with Iranian counterparties. Caution is the watchword in both Dubai and Abu Dhabi.

The economic climate in the UAE meantime remains under pressure, with activity moderating this year (though showing prospects for improvement in 2017). The IMF sees non-oil growth slowing due to fiscal consolidation, the stronger dollar, and tighter monetary and financial conditions. But over the medium-term, non-hydrocarbon growth is forecast to increase to above 4% as the dampening effect of fiscal consolidation is offset by improvements in economic sentiment and financial conditions as oil prices rise, a pickup in private investment in the run-up to the Expo 2020, and stronger external demand.

Although finances have felt the impact of lower oil export revenues, there are reasons for confidence in the country's macro outlook. The UAE has been more proactive in terms of fiscal consolidation than the rest of the Gulf and is strongly positioned to prosper should low oil prices persist for a longer period.

"The situation is not as severe as in other Gulf states," says Angonin. "The consolidated fiscal balance of the UAE will deteriorate to a deficit of a forecast 9.4% of GDP this year, up from the slight 3.5% deficit last year. The key difference is with the pre-2015 situation, when it regularly showed fiscal surpluses."

The authorities have undertaken measures to support confidence, for example by not cancelling projects which inevitably affects sentiment. However, says Angonin, "there is risk associated with that, besides the potential for a larger fiscal deficit."

Reform agenda

Reform efforts designed to strengthen the local private sector are continuing. In particular, reforms are being targeted at helping the key small and medium-sized enterprise (SME) sector that accounts for the large majority of UAE businesses and accounts for more than half of GDP. The government has cut back on red tape in order to galvanise the formation of entrepreneurial growth-oriented small companies, for example by removing the need for bank guarantees and engineering a more accommodative culture regarding insolvency.

Structural reforms are designed to ensure the UAE's position as the most competitive Gulf economy, and the government is committed at both federal and emirate levels to streamlining procedures. The IMF has lauded measures such as the tightening of industry self-regulation, higher real estate fees, and tighter macroprudential regulation for mortgage lending. These have helped contain speculative demand for real estate.

The UAE has not only taken the lead in implementing much-needed fiscal measures, for example lifting gasoline subsidies; it has also been proactive in trying to manage public expectations around the degree of socio-economic support that the government will be in a position to provide in the future.

The long-term aim is for the UAE to build on its diverse strengths, cut down on speculative real estate-linked financial flows and transition towards a knowledge-driven economy. This, says the IMF, would help to boost non-oil growth but will also require reforms: supportive policies such as relaxing restrictions on foreign ownership outside the free zone areas, further improving access to international markets and global supply chains, easing migration policies for highly-skilled workers, fostering competition, upgrading the quality of education, and continuing to harness innovation and the use of new technologies of information and communication.

Raising productivity and improving competitiveness, along with targeted reforms to promote exports, would create the right conditions to continue to further diversify away from oil. That also would help meet the authorities' objective to reduce the oil share in the GDP by a third over the next decade.

FUND MARKET DEVELOPMENT

Home grown solutions

The Gulf region tends to follow global trends in product innovation but economic pressures are driving some advances within the UAE market, writes *Dominic Dudley*

When times are tough, fund managers can really start to make their reputations and earn their keep, protecting clients from turmoil and positioning their portfolios for when growth returns. The collapse of the oil price in late 2014 has certainly presented the investment industry with the opportunity to do just that. Low oil revenues have undermined confidence in the Gulf region and pulled the rug from under many of its economies. The investment and spending plans of governments, institutions and retail investors alike have all had to adjust.

While trying to find sources of growth in this difficult environment, fund managers have been exploring different options such as smart beta and quantitative investment strategies and the use of exchange-traded funds (ETFs) has also been growing.

"The low return environment has spurred a global hunt for yield and diversification. Against this backdrop, many investors have recognised the potential merits of complementing their portfolios with smart beta strategies," says Emmanuel Laurina, head of the Middle East and North Africa at State Street Global Advisors Dubai. "This environment has also translated into more granular allocations to selected parts of the bond spectrum where higher yields are available and ETFs can prove very useful to capture these exposures."

However, the market for ETFs is still at a relatively early stage, and the region lags behind other parts of the world in the use of such tools, according to other observers.

"The banks in this part of the world do not generally tend to offer passive investments such as ETFs," says Renoy Kundukulam, head of priority banking at Dubai-based Noor Bank. "They tend to have actively-managed funds," he says. "Unlike developed markets such as Europe, where ETFs seem to be a very common thing, it's not the case here."

In general, the Gulf region tends to be a follower rather than a leader when it comes to developing new products, whether in terms of ETFs or other developing areas such as the emergence of robo advisors. When new products are introduced, it is more often because international rather than local firms have made them available.

"There has been some development in the sharia space. We have seen some new algorithm strategies being developed," adds Kundukulam. "But the market tends to take what is globally available. We haven't seen much innovation happening in the area of product development."

Conservatism preserved

The weak trading conditions of the past 18 months or so have led clients to become more conservative, making it in turn slightly harder for fund managers to innovate. According to a number of market participants, there has been a noticeable rise in holdings of cash, gold and other precious metals, particularly since mid-2015, something that has been helped along by the high interest rates offered by some banks.

"Many investors are sitting on the sidelines," says Kundukulam. "They are getting more and more cautious. They are not taking decisions and even if they are taking decisions they are doing so on less risky asset classes."

That can make it hard for fund managers, who have to deal with lower fee income. Although some insist that there is still plenty of business around, others acknowledge that the regional economic slowdown is having a deleterious effect. "Unfortunately our local asset management business is extremely MENA-centric," says one senior executive.

In some parts of the market there is still plenty of customer interest, but there isn't always the range of products to satisfy the demand. This is true in areas such as investments linked to venture capital, private equity and technology, where there is a limited range of options for investors. It is also true in terms of the range of sharia-compliant products.

Developing more sharia products is cited by many fund managers as one of the key opportunities for growth in the years ahead. "Sharia is definitely the area where most growth can be achieved," says one Dubai-based executive. "More firms are looking at structuring sharia-compliant products for investors and demand continues to grow."

The subdued nature of the market is in marked contrast to the optimism of just a few years ago, when index compiler MSCI upgraded the UAE to emerging market status in May 2014. That led to a surge of interest from outside the region; local companies gained access to a far larger pool of potential investors and liquidity rose quickly. Daily average trading values on the Dubai Financial Market (DFM) more than doubled, for example, from AED642m ($175m) in 2013 to AED1.5bn ($409m) in 2014. On the smaller Abu Dhabi Securities Exchange (ADX), the daily value rose by 70% over the same period to AED579m ($194m).

> "There has been some development in the sharia space. We have seen some new algorithm strategies being developed"
> RENOY KUNDUKULAM, NOOR BANK

According to Seif Fikry, senior executive officer of Abu Dhabi-based Afkar Capital, the changes have mainly made a difference "on the sell side of the industry, with minimal impact on the buy side".

The Saudi impact

There is now a growing expectation that Saudi Arabia will follow suit and join the MSCI emerging markets index, perhaps next year. If that happens it is likely to lead to an even larger inflow of investment into the region. The situation will be further boosted by an ambitious privatisation programme being rolled out by the Saudi authorities, led by the sale of a minority stake in local oil giant Saudi Aramco.

As the main financial hub for the region, the UAE, and Dubai in particular, is well placed to benefit from any rise in international investor interest. However, the slump in oil prices has meant that growth over the past two years has not been as great as it might have been. In any case, there are both pros and cons to things such as an MSCI upgrade, not least the risk of greater volatility.

"On the one hand, the addition of the UAE to the MSCI Emerging Markets Index was a positive step towards allowing local companies to access new pools of liquidity while affording global investors the opportunity to complement their equity exposure," says Laurina. "Down the line, it may also serve as a catalyst for more local companies to relax their foreign ownership limits. However, being included in a broad index can also introduce greater capital flow volatility during times of market stress."

The market is certainly under stress now, as a result of the low oil prices. However, the slowdown has presented more opportunities in some areas, namely the debt markets. Governments have had to issue bonds and sukuk to bridge their budget deficits. Banks have also been raising money to ensure they are properly capitalised, in the process expanding the range of investment options in the market. State Street alone offers 36 fixed income ETFs.

Looking forward, there are a series of big political events on the horizon that could have an important impact on market sentiment. Investors in the Gulf watched with some anxiety as the UK opted to vote to leave the EU, but that is not the only critical poll this year. The US presidential election in November has the potential to transform American relations with the Middle East; it could damage the investment climate if Donald Trump emerges triumphant. Similarly, any changes in US interest rates will also have a rapid impact, given that the UAE dirham is pegged to the US dollar (as are many other Gulf currencies).

Within the region, the trajectory of oil prices will of course continue to have an important influence on the health of the market. Within the UAE, sentiment may also be helped by the build-up towards Expo 2020 and the state of the local real estate market. The latter has been in retreat recently, particularly in Dubai, but investors expect that to turn around at some point next year. If that does indeed occur, fund managers can at least start looking forward to a time when growth becomes easier to find.

Healthy competition

While Dubai will remain the dominant financial centre in the UAE for the foreseeable future, Abu Dhabi Global Market will increasingly challenge it in certain areas. *Dominic Dudley* reports

The Dubai International Financial Centre (DIFC) has firmly established itself as the pre-eminent financial hub for the Middle East North Africa region. These days it easily outshines other regional centres such as Doha, Bahrain and Riyadh in terms of the number of companies operating and the range of services and products on offer.

But there will always be rivals trying to take its crown, or at least a jewel or two. The latest is just an hour or two down the road in the UAE capital. Abu Dhabi Global Market (ADGM) officially opened for business in October last year. To date, just two financial services firms, Afkar Capital and Eshara Capital, have been licenced by the Financial Services Regulatory Authority (FSRA). Some much larger firms are set to soon join them on the register though, including Aberdeen Asset Management and Macquarie Securities.

"We are working through the regulatory process," says James Thorneley, a spokesman for Aberdeen. "We have built up a successful business in the region from our London office. We believe a local presence is an important next step to broaden our business."

Depending on the approval process, the office could open before the end of the year. Thorneley says the key considerations in opting for Abu Dhabi included the amount of local wealth, connectivity, ease of doing business, the pool of available talent and the familiarity of local rules and regulations. "ADGM met all of these criteria," he says.

Even so, ADGM still won't come close to the scale of the DIFC for many years, if ever. The Dubai hub is home to 418 authorised firms, including 21 of the world's 25 largest banks and 11 of the top 20 money managers.

Friendly competition

Comparing the two centres can be a sensitive topic within the UAE; certainly not everyone is prepared to talk about it. Some privately say the regulatory regime in Abu Dhabi is looser than in Dubai and will need to be tightened in the years ahead. But its long-term success will probably depend on finding different industry niches to target and offering new company structures from those available in the DIFC.

ADGM seems to be doing just that. While its regulations cover all the main areas including asset management, banking and insurance, it is also making a concerted effort to establish its credentials as a hub for financial technology (fintech) firms. In May, the FSRA released a public consultation paper on its framework for firms deploying innovative technology in the financial services space.

In addition, ADGM allows businesses to register as 'restricted scope companies', offering greater confidentiality and less onerous reporting requirements. It also allows 'cell companies', which is likely to be of particular interest to investment funds. Under this system, cells of distinct assets and liabilities can be created within a larger company.

Such factors help to create a distinct identity for the Abu Dhabi financial centre. Even so, there is still much that needs to be done and skills that need to

> **"The key considerations in opting for Abu Dhabi include the amount of local wealth, connectivity, ease of doing business, the pool of available talent and the familiarity of local rules"**
> JAMES THORNELEY, ABERDEEN ASSET MANAGEMENT

“In future you will require service providers like fund administrators, custodians and brokers, plus you will need more law firms and accounting firms based here”
JAMES SIBLEY, ESHARA CAPITAL

be built up. “It’s no secret that currently you don’t have the market counterparties here [in the ADGM] that you require. In the future you will require service providers such as fund administrators, custodians, brokers and so on. Plus you’ll need more law firms and accounting firms based here,” says James Sibley, chief operating officer of Eshara Capital. “From that perspective, the DIFC wins today but Eshara believes ADGM will get there and surpass the DIFC in the medium term.”

Fund domiciles

Being based in one of these centres doesn’t mean the funds themselves are domiciled there. For example, Shuaa Asset Management, which is based in the DIFC, runs the Arab Gateway Fund which is registered in the British Virgin Islands. Emirates NBD Asset Management, also in the DIFC, has a portfolio of funds domiciled in Europe, both in Jersey and Luxembourg.

“When we established a lot of the funds there wasn’t a fund regime here in the DIFC, so we ended up having to go to another jurisdiction and that was initially Jersey,” explains Tariq Bin Hendi, chief executive officer of Emirates NBD Asset Management.

He says it could launch some funds from the DIFC in the future. “We’re looking to set up new funds, where possible, in the DIFC, because they have their fund regime and they are starting to get very bullish in terms of trying to attract investors and fund houses to set up. Any subsequent real estate funds that we launch we’d probably do out of the DIFC,” he says.

Deciding on the domicile of a fund still depends to a large extent on the nature of the investments and the clients being sought. “If you’re looking at European institutions, they’d probably want a Luxembourg-based fund,” adds Bin Hendi. “Whereas if you’re attracting investors out of the region for the most part they’re agnostic. The DIFC works very well, in that you still get all the tax advantages and it’s very easy to deal with the local regulator.”

In many ways it is other global centres such as Luxembourg or the Cayman Islands that are the true competitors to the UAE, rather than other regional hubs such as Qatar, Bahrain or Saudi Arabia. In a recent survey of its own graduate staff, financial advisory firm DeVere Group found that 34% of its most recent intake picked New York as their preferred place to work. That was followed by Dubai in second place (with 23% of the vote), and then Hong Kong, Sydney and Abu Dhabi. “These global hubs of finance and commerce represent centres of enormous possibilities for young, ambitious individuals,” said chief executive officer Nigel Green.

Offshore attractions

Offshore financial centres have been coming in for a lot of criticism recently, partly as a result of the leak of the Panama Papers from law firm Mossack Fonseca, but also because of wider disquiet about tax avoidance by wealthy individuals and large corporates channelling their profits through offshore hubs. The Gulf has yet to be drawn into that debate, which has tended to focus on places such as the Cayman Islands and British Virgin Islands, and could yet benefit from it, particularly if they can enhance the functioning of their systems.

“We previously had a Cayman Islands set-up. From our perspective, the Cayman Islands is a tried and tested centre for doing business,” says Sibley. “However, in terms of ease of doing business, we found ADGM a bit easier than Cayman. On the global stage we believe the UAE is a real competitor, in particular we are long Abu Dhabi.”

Ultimately, the longer-term growth of the UAE financial hubs depends on being seen as a welcoming, easy place to do business, while also maintaining a strict enough regime so that they are seen as reputable. Last year, the Dubai Financial Services Authority issued a series of fines because of shortcomings at a number of firms. ABN Amro’s DIFC branch was fined $640,000 in November, Kuwait Turkish Participation Bank (Dubai) was fined $150,000 in June, and Deutsche Bank’s Dubai branch was fined $8.4m in April. Such fines can help to bolster the claims to being a well-regulated centre.

But their long-term health also depends on being able to fend off competition, which is likely to be relentless. Another of Dubai’s neighbouring emirates, Sharjah, recently said that it too was considering launching a financial hub. Speaking on the sidelines of an investment conference in London in early April, Marwan Al Sarkal, chief executive officer of the Sharjah Investment & Development Authority, said “We’re planning to do something on that. There is a huge potential.”

That potential is something that everyone seems to agree on. Whether there is enough business for everyone to thrive remains to be seen, but the UAE’s credentials as a fund centre are substantial and increasingly recognised across the globe.

Flotation aids

Despite a lack of major public offerings over the last decade, the UAE's recent reforms are expected to cause a surge of new listings over the next few years. *James Gavin* writes

The UAE, like most MENA and global markets, has been starved of big ticket IPO (initial public offering) deals. The drought dates back to the financial crisis, and has been exacerbated by the oil price-linked decline in regional economies.

That leaves the outlook for both this year and the next looking thin in terms of issuance volumes on the UAE markets, despite evident interest among many local corporates in getting a listing. "Other than some large conglomerates considering tapping the market, it looks to be a relatively slow year from the point of view of primary listings globally. And that is no different to the situation in the Gulf," says Rizwan Kanji, a partner at law firm King & Spalding.

Despite a flurry of issuances in the UAE a couple of years ago, when it was anticipated that these might open up the potential for further offerings, the negative sentiment prevailing in Middle Eastern economies stems from the falling oil prices seen since 2014. "We see 2016 remaining subdued in terms of IPO activity, unless there is an improvement in the oil and gas sector as well as overall global sentiment," says Mayur Pau, MENA IPO leader at consultancy EY.

Other global events, such as the vote by the UK to exit the European Union and fluctuating sentiment about the Chinese economy, have introduced an element of uncertainty into regional capital markets, deterring some from launching IPOs.

The latest figures indicate that across the Middle East as a whole, the second quarter of 2016 saw only six IPOs, according to EY figures, collectively raising $397.2m. This represents a 40% decrease in volume and 81% decrease in value compared to Q2 2015. The consultancy considers Saudi Arabia and Egypt to be more likely to host IPOs than the UAE.

Bridging the valuation gap

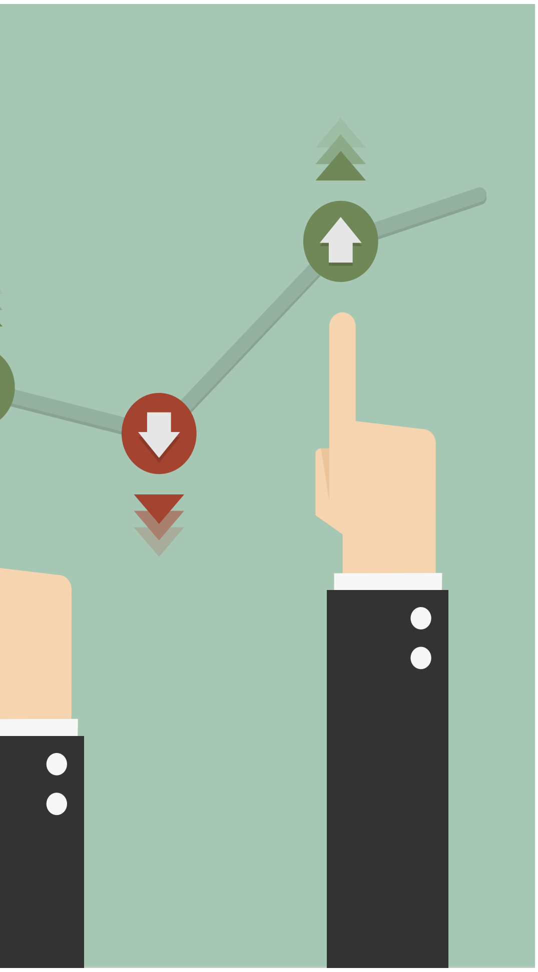
Local factors have also played a role in quelling IPO activity. "The widening discrepancy in valuation between that of the company and the market may have resulted in certain companies opting to wait," says Kanji. "Also, with liquidity tightening, investors weren't so able to leverage and take that risk."

> "The widening discrepancy in valuation between the company and the market may have resulted in certain companies opting to wait"
> RIZWAN KANJI, KING & SPALDING

Some big names have shelved plans for a public float. In February 2016, Dubai-based cooling solutions provider, Empower, confirmed it had halted plans to go public amid challenging market conditions.

Commenting on the performance of the IPO market earlier this year, Amr Hussein Elalfy, global head of research at Mubasher Trade, notes that while the UAE stock market continues to develop in terms of accessibility to foreign investors – with many listed companies have recently raised their foreign ownership limits and others contemplating floating in the near future – there are challenges ahead. Having been upgraded to Emerging Market status, says Elalfy, "the UAE stock market is bearing the brunt of heightened volatility in global markets, which can have a spillover effect thus depressing stock prices during market pullbacks. As a result, a number of IPOs have been put on hold until the market recovers."

The regulatory environment in the UAE has changed, becoming a relatively enabling environment, but there remain a few impediments still to overcome. "In certain industries you are only allowed to have a foreign owner up to a certain percentage, therefore your free float on the exchange has to be limited to a certain percentage," says Kanji.



UAE authorities are making efforts to improve the situation by embarking on regulatory moves to make listing more attractive. The Securities and Commodities Authority (SCA) has been involved in drafting new IPO regulations that have now been sent out for feedback from stakeholders, in a pitch to bring the local market into line with international exchanges.

In July, the SCA brought out a new set of rules covering the book-building process, as a pricing methodology for IPOs. Fundamentally, these address allocation and prefunding requirements. Once the rules are published in the Official Gazette, companies will be able to increase their capital and allocate the newly issued shares to a strategic investor without applying existing shareholders' pre-emption rights.

The Dubai Financial Market (DFM), Abu Dhabi Securities Exchange (ADX) and the Nasdaq Dubai have put together new regimes that will make IPOs a simpler process, aiming to boost both supply in terms of new listings and supporting demand from investors.

A new Commercial Companies law will enable UAE companies to float just 30% of their shares, down from the current 55% level. This represents a step change in the UAE according to Pau, aiding potential IPOs "by reducing free float requirements, implementing a book-building process and allowing secondary offerings in addition to the primary offering as part of the IPO."

Flotation prices will be allowed to be set by book-building, replacing the current method that is based on a fixed-price evaluation method.

Advisers appear positive about the authorities' approach. "The SCA has been phenomenal in listening and responding to queries. The accessibility of the regulator is particularly praiseworthy. The difficulty is that the regulations have relatively little flexibility," says Kanji.

State of readiness

Advisers are now talking to a number of sponsors, banks and lead arrangers that are lining up clients and getting companies ready for IPOs. "Based on discussions that we are having with different clients, family businesses, the broader corporate sector and government sectors, we are seeing a lot of IPO readiness work underway. We believe there's a strong pipeline of potential clients out there looking at IPO as a route to go and raise capital. They're just waiting for the right time to launch," says Pau.

> "There's a strong pipeline of potential clients looking at IPO as a route to go and raise capital. They are just waiting for the right time to launch"
> MAYUR PAU, EY

The incoming changes in regulation make this an opportune time to prepare for an IPO, according to Pau. "The current period is a good time for companies to institutionalise their business, get their corporate governance procedures in shape, to get the business more hygienically stable so that if an IPO is one of the options, they are ready to go."

Sectors that are looking suitable for IPO are financial services, industrial manufacturing and real estate as well as oil and gas. "It's a broad mix rather than focused on one category."

In the financial sector, this year was expected to see the IPO of United Global, the holding company of UAE Exchange and London-based Travelex. More recently, in August 2016, UAE-based Arqaam Capital said it was advising on two IPOs in the DFM worth a combined $1.1bn, for execution in the second half of 2016. Both companies are UAE-based and operate in the retail and financial sectors.

Longer standing IPOs are still facing obstacles though. In June 2016, the diversified UAE-based conglomerate Al Habtoor Group, which has interests in hotels, automotive and real estate sectors, had to play down reports that it was getting closer to an IPO. The group is reported to have been considering a listing but had postponed it, though the company has prepped all the documentation in advance of going public.

Cross listings are also a possibility for the UAE exchanges, which are more internationally connected than other regional bourses. "In terms of cross-border memos of understanding between exchanges, those have been in place in the absence of an outright passporting capability. That enables a primary listing in London and a secondary one somewhere in the region," says Kanji.

Possibly the best counsel for those UAE corporates looking to go public is to persist with the current cautious approach. More stability in the regional and global economic climate might provide greater visibility for pursuing an offering.

While prevailing global market conditions currently work against a major round of IPOs, there is little doubt that they will emerge – from private companies and perhaps state entities – when the situation eventually rebounds.

Profit in partnerships

The UAE continues to invest heavily in its infrastructure. But attention is shifting to alternative private sector funding sources, writes *James Gavin*

Confronted by a sizeable infrastructure commitment stretching into the hundreds of billions of dollars, the UAE authorities have turned to innovative financing techniques to help fund these mission-critical projects. Capital market instruments, including sharia-compliant tools, have come to the fore, while moves to attract private sector operators have been given a substantial fillip with Dubai's passing of a public-private partnership (PPP) law in late 2015.

All this has put the UAE more firmly on institutional investors' and banks' radar screens, with western pension funds on the hunt for infrastructure investments that offer steady return profiles.

The potential pipeline of opportunities in sectors from renewables to road and rail is considerable. "There is certainly a growing need for private investment across a wide range of sectors, including transport, education, healthcare, waste, wastewater and social housing," says Mouayed Makhlouf, director for the Middle East and North Africa at the International Finance Corporation (IFC). He points to examples of private investors venturing beyond the well-trodden path of independent power and water projects that the IFC has advised on.

The UAE already boasts the most well-developed infrastructure anywhere in the Middle East. "This will continue to be important going forward with more investment necessary to stay ahead of the curve," says Joss Dare, a Dubai-based partner at law firm Ashurst. "This is a challenge, however, as infrastructure projects – perhaps especially transport infrastructure such as railways – are expensive. How does a government go about developing this kind of infrastructure while also battling the widening fiscal deficit that results from the cash crop that drives the economy becoming less valuable?"

Alternative means

The answer, perhaps, is to look at alternative structures, whether build-operate-transfer or PPP or similar options, that leverage private capital to take some of the load. PPP has a track record in the UAE. "The UAE has also seen successful examples in education, with the Zayed University PPP and the Paris-Sorbonne University PPP, as well as in healthcare, with the Cleveland Clinic project," says Makhlouf.

Advisers caution against excessive expectations about PPP. "With PPP there is always a lag between enabling legislation and projects in the market because of the time it takes to develop well-structured deals. But we are starting to see more of these sort of projects talked about in the market," says Dare.

> "There is certainly a growing need for private investment across a wide range of sectors, including transport, education, healthcare, waste, wastewater and social housing"
> MOUAYED MAKHLOUF, IFC

The UAE is beginning to see public sector advisory mandates coming through. Requests for proposals for the projects themselves should follow in due course.

Dubai's power utility, the Dubai Electricity and Water Authority (DEWA), announced at the start of the year that it would tender renewable energy projects totaling more than AED27bn ($7.35bn) with private companies picking up a large chunk of the cost through PPPs.

The Dubai PPP Law introduced in November 2015 will give comfort for investors, in providing for a legal framework to regulate PPPs across a range of sectors. "While this law was a not a legal requirement for PPP transactions in the emirate, and many countries globally have been successful without one, it does serve as a positive signal of the public commitment for furthering engagement with the private sector," says Makhlouf. "It could also prove useful when developing projects at local/municipal levels where internal capacity within the public counterpart may be limited."

Dubai could open the expansion of its airport, metro and solar schemes to

private investment, before developing beyond these core sectors. Big infrastructure projects include the Road and Transport Authority's (RTA) Union Oasis real estate scheme in Dubai and the Umm Al-Quwain independent water project (IWP).

Dubai is shifting away from funding infrastructure projects entirely from direct government budgets and looking into tapping more private financing. The RTA has previously used a contractor funding model on projects such as Phase 1 of the new Dubai Water Canal. The authority is also using PPP to redevelop Union Square and it is being considered as a method for funding the Route 2020 metro project to the Expo 2020 site. An automated car park for Dubai Courts is also being built as a PPP.

While PPP is sustaining the pace, there remain questions as to whether institutional investors will play a growing role in helping fund these projects. Some western funds are heavily focused on infrastructure. Deutsche Asset & Wealth Management for example earlier this year reportedly had €27.2bn of assets under management globally in infrastructure.

"We are seeing some institutional investors getting allocations because they are included on the MSCI Emerging Market index"
ROD RINGROW, STATE STREET

Regional institutional investors such as pension funds also hold significant investment firepower. "Even just within the GCC, public pension funds amount to just under $400bn, so around 25% of the GDP for the region, and the size of these funds is still relatively low compared to the size of the population and economies," says Makhlouf.

In terms of foreign pension funds, there will need to be more than just a promise of steady return profiles. Their view remains that in many emerging markets it is still difficult to get appropriately rewarded for the risk associated with investing in infrastructure.

There are obstacles to investor confidence in the regulatory environment, given that in many parts of the region these frameworks are still evolving, or lack an established track-record. Many large investors are still wary of making long-term commitments. "Once this uncertainty has dissipated and a track-record of successful projects has been established, this may change," says Makhlouf.

Attracting attention

The potential is there, but things can move slowly in the Gulf. Local funds are still more focused on European markets than opportunities back home. "Increasingly we've seen some sovereign wealth funds (SWFs) getting together to jointly bid for infrastructure assets, but typically those are Western infrastructure assets with stabilised cashflows," says Rod Ringrow, head of sovereign wealth funds sector solutions at State Street. "That reflects the relative immaturity of regional capital markets. Maturity will come in time."

One development that will help here is the UAE's access to the MSCI Emerging Market index, putting it on the radar of passive investment funds. "Certainly we are seeing some institutional investors getting allocations because they are included on the MSCI Emerging Market index, and some recent bond issues were picked up by institutional investors outside of the region," says Ringrow.

In a region where public financing has been the main driver behind the development of infrastructure projects, there is certainly a need to further develop capital markets. The latter offer potential. In 2015, project debt issuance across the Gulf increased to $76bn, compared to $45bn the previous year.

Although most UAE projects are typically financed by bank debt, sponsors are increasingly turning to the bond markets including sukuk. "These instruments are attractive to mainly retail and regional investors. These issuances have been heavily oversubscribed and picked up by institutional investors as well, with some pickup over US Treasuries," says Ringrow.

Project bonds – debt capital market instruments that are used in project financings – are a good alternative debt funding avenue for infrastructure. Dubai is again setting the pace here. Emirates SembCorp Water & Power, the joint venture behind the Fujairah 1 independent water and power plant, was reported last year to be considering issuing a project bond.

Bonds could also be deployed for refinancing loans once projects are fully operational, thereby removing construction risk, which project bond investors are usually reluctant to take on. "The IFC itself has been active in the bond market with the development since 2010 of IFC Green Bonds, and over $4.3bn in such bonds have been issued through 48 transactions in 10 currencies," says Makhlouf.

The overall trend is looking healthy for the UAE. "There's a lot of discussion around pension fund reform, and creating funds, with all sorts of companies looking to set up some kind of investment vehicle for their employees. This will help to create a deeper, more liquid market – and that is by definition good for everyone," says Ringrow.

Building confidence

Eric Salomons, director and head of markets at the Dubai Financial Services Authority, talks to *Alastair O'Dell* about his approach to regulation in the Dubai International Financial Centre and the importance of adopting international best practice

For the uninitiated, what does the Dubai International Financial Centre (DIFC) offer international firms?
It is a global financial centre strategically located between the East and West, providing a platform to tap into the emerging markets of the Middle East, Africa and South Asia. The DIFC fills the time-zone gap between London and New York in the West and Hong Kong and Tokyo in the East. The DIFC's regulation, common law framework and tax-friendly regime make it an ideal hub. The DIFC was the only financial free-zone operating under common law in the Middle East, prior to the recent opening of the Abu Dhabi Global Market (ADGM) in Abi Dhabi.

The Dubai Financial Services Authority (DFSA) has been busy forging ties with regulators in south-east Asia. What has resulted from these efforts?
The DFSA has maintained a focus on developing and strengthening relationships with regulators in the GCC and the wider Middle East. Alongside this the DFSA has reached out to regulators in south-east Asia. The DFSA has a long history of co-operation with Australia. In 2006 the DFSA signed a bilateral Memorandum of Understanding (MoU) with the Australian Securities and Investments Commission (ASIC) and in 2015 with the Australian Prudential Regulation Authority (APRA). There are also agreements in place with regulatory authorities in New Zealand, Singapore, Hong Kong, Thailand and Indonesia.

The ultimate objective is to secure mutual understanding and to provide confidence for investors and firms where both jurisdictions are concerned, which is important for prospective firms and investors. Multilateral MoUs (MMoUs) are a factor for this. The DFSA, alongside other Asian regulators, has signed the IOSCO (capital markets) and IAIS (insurance) MMoUs. These require mandatory minimum standards to facilitate information sharing and the provision of assistance.

> "The DFSA has adopted a more proactive approach to enforcement in order to achieve quicker resolution of regulatory concerns"

The DFSA has put a lot of work into enhancing corporate governance. What has been achieved?
Since its inception in 2002 the DFSA has had a corporate governance regime for companies listed on a DIFC exchange that is in line with international best practice. In 2012 the DFSA adopted a comply-or-explain corporate governance disclosure regime for listed companies. This is closely aligned with the UK FCA model and the DIFC Markets Law 2012, under which the corporate governance regime is aligned with EU Directives and Regulations. The DFSA has a world-class regime that is in line with international best practice and will be familiar to market participants, especially legal advisers.

The DFSA's corporate governance regime for companies intending to list, or already listed, has three tiers. First, it imposes an overarching legal obligation under the DIFC Markets Law 2012 that requires listed companies to have a corporate governance framework, which has to be adequate to promote prudent and sound management in the long-term interest of the company and its shareholders. Second, the overarching legal obligation is reinforced by seven corporate governance principles in the DFSA Market Rules. Third, each of these principles is expanded on by comply-or-explain, outcome-based best practice standards. These standards also set out certain matters that should be included in the company's annual report.

Compliance with these high level principles is mandatory and can be achieved in two ways. One way is by complying with all 67 best practice standards in the DFSA Markets Rules. However, the comply-or-explain approach recognises that there is more than one way to achieve sound and prudent governance. Therefore, a company may be able to comply with a principle using an alternative method to achieve the desired outcome. If the best practice standards have not been fully adopted, or have been only partially adopted, the reporting entity must disclose why. It must also explain what alternative actions have been taken.

The first time a company will encounter our corporate governance regime is during pre-listing, as part of our eligibility for listing review and disclosure obligations in the prospectus it needs to prepare and have approved by the DFSA. Following listing, the company will need to provide meaningful disclosures on its compliance with DFSA corporate governance requirements in its annual report, following the three-tier system.

In August 2015 we published a brief on the DFSA corporate governance regime for listed companies. It is aimed at assisting applicants in getting ready to list and is a reference point for listed companies seeking to meet their on-going corporate governance disclosure obligations in their annual reports. In April 2016 we hosted stakeholder outreach on corporate governance and investor relations in conjunction with the Hawkamah Institute for Corporate Governance and the Middle East Investor Relations Society.

The DFSA is continuing to build awareness of our corporate governance regime and the importance of good governance and transparency. One characteristic of the region is that many companies are family owned. Providing transparency and sharing control with shareholders, which are consequences of becoming a listed company, require specific attention, both before listing and on an ongoing basis.

Eric Salomons

The DFSA seems to have been more active in enforcement over the last year or so. Has its approach changed?

There has been no change to the DFSA's general enforcement approach. The DFSA's enforcement philosophy continues to be guided by the principles that govern its approach to fulfilling its regulatory objectives. One of these principles is that the DFSA will act swiftly and decisively to stop misconduct that threatens the integrity of the DIFC or the stability of its financial services industry, to minimise its effects and prevent it recurring.

However, in 2015 the DFSA adopted a more proactive approach to enforcement in order to achieve quicker resolution of regulatory concerns. When appropriate, enforcement will engage with a firm or individual as soon as it becomes aware of misconduct so that the firm or individual can work co-operatively with the DFSA to resolve the concerns. This proactive approach is beneficial for both the regulator and regulated, as concerns can be resolved more efficiently and effectively.

From a regulatory perspective, what are the critical factors that facilitate the growth of the DIFC sukuk market?

The DFSA applies a risk-based approach to regulation. A corollary principle to this approach is that if the risks that are present in one security are similar both in terms of severity and the probability of occurring to those associated to another security,

"Many companies are family owned. Providing transparency and sharing control with shareholders, which are consequences of becoming a listed company, require specific attention"

the DFSA would take the same or similar approach in regulating those two types of security. Therefore, as sukuk are typically structured so that they expose investors to the creditworthiness of its obligor or guarantor without necessarily having a perfected recourse to the underlying assets – i.e. asset-based rather than securitised – the offer and supporting documentation are subjected to the requirements that would apply to a debt security. The exception is that a sukuk issuer is required to disclose additional information such as the opinion of the sharia scholars, with their professional details, as well as the sukuk structure diagram.

Efficient and fast approval and admission processes and procedures, aligned with international best practice, have been put in place. Sukuk are generally treated as conventional debt for approval purposes, therefore they are reviewed and approved on a timeline that is comparable to international best practice, where speed of approval is key. It is a reiterative approval process where the DFSA takes three business days from the date of submission to clear the first and subsequent rounds of submission, and it takes one business day to approve the final submission.

The DFSA takes a flexible approach to sharia regulation. It is a sharia system regulator, where the DFSA does not form any opinion on matters of sharia. Instead, the issuer has an obligation to appoint a Sharia Supervisory Board (SSB) consisting of at least three members to obtain an opinion that its offer complies with sharia principles. If it is premised on an existing sharia standard issued by an international standard-setter such as the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI), the issuer should disclose the details of the standard. This gives flexibility to the issuer and the SSB to seek and issue *fatwa* according to its respective jurisdiction.

In addition, an important external factor that had contributed to this significant growth is the role played by the government institutions, exchanges and large corporations in Dubai to support the vision of the ruler of Dubai, His Highness Sheikh Mohammed bin Rashid Al Maktoum, to make Dubai the hub of the Islamic economy. An initiative of this vision is to make Dubai the global centre for Islamic finance.

"The DFSA regularly engages in investor outreach to inform market participants, including potential issuers and their advisers, about aspects of our continuing disclosures regime"

IPOs have been scarce in the Middle East in recent years. What is the DFSA doing to support new listings?

While IPO conditions have been challenging across the region due to external factors, the DFSA and DIFC have in March 2015 seen the successful listing on NASDAQ Dubai of Orascom Construction, a global engineering and construction contractor. It ranks among the world's top contractors with projects and investments in more than 20 countries around the world. In 2014 Emirates REIT listed on NASDAQ Dubai, which was the first listing of a REIT on this exchange and was 3.5 times oversubscribed.

Obviously, it is first and foremost the role of NASDAQ Dubai to attract companies to its exchange. As the DIFC capital markets regulator, the DFSA facilitates the market and investor community by putting in place world-class regulation for listed securities, including for the offering and listing of shares, modelled after the EU Prospectus Directive and Regulation.

Currently, we are closely monitoring developments on the upcoming overhaul of the EU prospectus regime under Prospectus Directive III and where appropriate we will bring our regime into line. The DFSA's continuing and periodic disclosure regimes are also modelled after the EU regulations, such as the MiFID and the Market Abuse Directive.

The DFSA regularly engages in investor outreach to inform market participants, including potential issuers and their advisers, about aspects of our continuing disclosures regime, as well as to obtain input for possible improvements.

One of our current projects to facilitate listings is the development of a regulatory regime that enables the listing of small and medium-sized entities (SMEs), putting in place a proportionate regulatory regime that strikes a balance between investor protection and the cost of compliance for the listed entity. There should be potential for listing SMEs in Dubai as they represent 95% of all firms, account for 42% of the workforce and contribute 40% to GDP, according to Emirates NBD as of April 2014.

Specific challenges for SMEs intending to list involve compliance with corporate governance, related parties and free float requirements. Once listed, typical issues faced by SMEs are around compliance with on-going disclosures, a lack of liquidity and getting analyst coverage. The DFSA is mindful of these challenges.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Grand designs

Richard Teng, CEO of the Financial Services Regulatory Authority of the Abu Dhabi Global Market, speaks to *Alastair O'Dell* about building the ADGM financial centre and his ambitious plans to the create the region's first fintech hub

What is unique about the ADGM?
The ADGM is the first jurisdiction in the region to adopt common law in its entirety, similar to other international jurisdictions such as Singapore and Hong Kong, as opposed to codifying common law as some have done. One key advantage of this approach is that we are able to benefit from the entirety of evolving case law, which is critical, particularly in the area of wealth management where standards, norms and practices are evolving.

Our regulatory structure is alive and responsive. We are not adopting a one-size-fits-all regime, it is risk-calibrated so we can cater to bulge-bracket as well as boutique firms. Depending on the needs and risk that institutions pose to the market, we apply the appropriate standards. We have also created an effective capital-netting jurisdiction, which is very much sought after by financial stakeholders given the high cost of capital.

At ADGM, we also provide a comprehensive and unique suite of business vehicles previously unavailable in the MENA region, allowing local and international stakeholders the ability to conduct activities in Abu Dhabi that had to be undertaken overseas in the past.

How does the ADGM aim to support and build the market?
Firstly, ADGM is an integrated regulator so we supervise across the banking, insurance and capital market sectors. We take a holistic view of risk across the different sectors. Also, given the blurring of lines between product classes across sectors, integrated regulation enables us to better support our stakeholders.

Secondly, we are also responsible for developing the greater business and financial ecosystem to support our stakeholders. It is not purely a matter of developing and refining the rules and regulations needed for the financial centre to work. To be successful, it involves developing and enhancing an entire ecosystem that is conducive for business and financial service activities. It is all- encompassing, looking into areas of customer experience, efficiency, the tax regime needed to facilitate the establishment of trusts, fund structures, investment holdings and many more areas.

Will the environment feel familiar to international participants?
Our regime is aligned with international standards. It allows our global stakeholders the opportunity to operate within an environment that they are very familiar with as most institutions now operate compliance on a global platform. So it provides – other than cost savings – confidence that they are operating in a familiar environment. Local and international institutions attest that the foundation is a very strong one. They like what they see.

Will Abu Dhabi's traditional strength in wealth management remain its main focus?
Absolutely, Abu Dhabi is a wealth centre. We have some of the largest sovereign wealth funds in the world and are the home emirate of a large concentration of big institutions and high net worth individuals. We are harnessing that strength to support Abu Dhabi's ambition to become an international financial centre and develop the ADGM. While it will be a broad-based centre, the initial focus will be on private banking, wealth management and asset management.

Have things progressed in line with your plans?
We were fully operational in October 2015. Since then, we have successfully registered more than 150 non-financial and financial firms that recognised the first-mover advantages of getting into the ADGM early, and the benefits of the financial free zone generally. We achieved all this despite dealing with significant global headwinds – the global economic slow-down, depressed commodities prices, market volatility and international institutions consolidating and scaling back their global footprint.

Abu Dhabi has been diversifying away from petrochemicals and the ADGM was established to support the vision of creating an international financial centre. The diversification strategy and the growth of non-oil sectors will create needs for more financial intermediation – be it in terms of corporate banking, treasury activities or capital market activities. The savings and wealth generated in the region will naturally flow into private banking, asset management and insurance. We have witnessed very strong and robust interest and the local and international pipeline is strong.

What does the ADGM offer local stakeholders?
Many institutions, local and international, recognise that the Middle East and Africa is an important and fast-growing region. Abu Dhabi is a natural hub and gateway to the region. Local stakeholders, from the UAE or wider Middle East, are key users of financial services. However, most of these financial services had to be

conducted outside the region in the past. There is a desire among asset managers and risk allocators to have all these services done closer to home, so they can take a more holistic view of the risks of their operations. Now with ADGM and its suite of financial vehicles and market infrastructure, market participants can anchor more activities in Abu Dhabi.

In the past local stakeholders needed to venture overseas to set up proper trust structures, special purpose vehicles and so on. To address their needs, ADGM has therefore introduced new and unique structures that include restricted-scope companies dedicated to family offices. For fund managers, we have open-ended and closed-ended investment companies, investment trust structures, limited partnerships and limited-liability partnerships. For insurance companies, there are protected cell companies, incorporated cell companies and the like. We have a full suite of products and investment vehicles are available for asset managers, private banks and the trust/custody space.

What does it offer international firms?
International companies are the other key stakeholders. The Middle East and particularly Africa and Asia are fast-growing regions that will provide the engine of growth for the world economy. The middle class in Africa is going to grow at an exponential rate, to at least one billion by 2060, so these will be huge markets. We are situated right at the gateway, as an ideal hub to service the Middle East and Africa. Macquarie Capital and Aberdeen Asset Management have decided to service the region from ADGM.

Abu Dhabi also enjoys political stability. It is the safest base in the region, with the highest quality of life, has international schools such as New York University and Paris Sorbonne University. It is also a cultural hub – the Louvre is opening soon. There are many things to do and that makes it ideal in terms of drawing expertise to develop financial services. We have expatriates from 127 countries working and living in the UAE – that is a testament to the quality of life enjoyed.

"Financial centres coexist and complement each other, they find their own niche and establish their own strengths"

ADGM is carving out a niche as a fintech centre. How are things progressing?
In March, HE Ahmed Ali Al Sayegh, the chairman of ADGM, announced ADGM's intention to develop and establish a fintech ecosystem where the deployment of innovative technologies by firms can improve customer experience and result in cost savings, efficiencies, new products and services as well as new ways of offering them. We have consulted numerous key stakeholders from the UK, US, Asia and the Middle East about what is needed to develop a good Fintech ecosystem.

We are the first in the MENA region to propose and will be the first to create a regulatory laboratory (RegLab), providing a controlled environment for fintech participants to develop and test innovative solutions.

What is needed to build a fintech ecosystem?
We took the view that fintech players are slightly different – they present unique opportunities and risks as well as having different requirements from other players. We introduced a blank-sheet approach – the creation of RegLab – instead of subjecting fintech players to the whole suite of authorisation requirements and rules.

We practice a customised approach, as one size does not fit all. We look at the risks that a fintech company may bring as well as the types of rules and requirements that we should apply to it, which will depend on its business model and the technology it uses. Under ADGM Reglab, fintech start-ups are given a two-year period to develop, test and deploy their solutions before they are subject to full authorisation and the full suite of requirements.

Is there a particular fintech centre that you see as a model for ADGM?
We are targeting the full suite of players. Ever since the chairman's announcement we have been meeting with global players and industry leaders, received positive responses – from stakeholders wishing to deploy fintech to start-ups with great ideas about how to improve the financial services value chain. Some are looking to utilise our fintech regulatory framework to support them in bringing offerings to the market.

While learning from different models and talking to stakeholders, London has firmly stood out as one of the clear leaders. In addition to London spearheading the charge, Singapore and Australia have also rolled out significant market and regulatory initiatives.

Will your regulatory framework for fintech bear a similarity to that of the UK?
It will be fit for purpose for what we are trying to do in the region. Our proposed fintech legislative framework is currently under public consultation and we hope to introduce the framework by the end of 2016. Our proposed framework is shaped by, and in response to, the needs of our stakeholders – how we support them while addressing risks, including systemic risks, as well as customer protection. We need to address these risks but allow them a free, but controlled and safe, environment to develop and prosper. We have engaged and continue to engage different stakeholders so we can better understand and respond effectively to their needs.

> "We should allow fintech innovation to take place and allow free room for it to grow before we decide what sorts of regulations should be applied"

With any deployment there will be technological risks. We will be reviewing how these risks could be transmitted through the system. It really depends on where they are in the value chain. We will be looking at what sorts of risks they pose to the system, what sorts of risks they bring to the market, and then determine what sorts of rules and regulations are appropriate. We will not be applying the full suite of rules and regulations because that would be too onerous at the start.

You've done extensive consultation with local stakeholders already. What have you learned?
One very clear indication is that regulation should not precede innovation. We should allow innovation to take place and allow free room for it to grow before we decide what sorts of regulations should be applied. Otherwise, we could kill innovation at the outset.

Another is that we should be nimble and flexible in terms of how we apply the various rules and regulations, because the business models are so varied. Fintech companies should not be looked upon as traditional financial services companies. Fintech firms can be rather niche – just targeting one sliver of the value chain – or they can be very broad. They require finer calibration than traditional firms – you may be able to bucket traditional banks, insurance companies or asset managers into distinct categories – but some of these new fintech firms cut across different boundaries, presenting an intricate challenge for regulators.

How do you imagine the ADGM interacting with your well-established neighbour, DIFC?
We are in a fast-growing region where the macroeconomic conditions demand a lot more need for financial intermediation and related services. Financial centres coexist and complement each other, they find their own niche and establish their own strengths.

More importantly, financial centres do not exist for their own benefit – they exist to serve the economy, support production, consumption and growth. We are here to do that for Abu Dhabi, the Middle East, Africa and South Asia. That's our mandate and we're pushing ahead. Abu Dhabi has certain natural advantages that we are harnessing but we have also instituted and implemented things that are very unique to ADGM, which I call the ADGM Advantage. I am glad that many local and global firms and businesses have also recognised the ADGM Advantage.

Words from the wise

PARTICIPANTS

Chair: James Gavin, *Global Investor/ISF*
Ryan Lemand, managing director – head of asset management & wealth management, ADS Securities
Shehryar Salam, vice-president, client coverage, MSCI
Eric Salomons, director, head of markets, Dubai Financial Services Authority
Yong Wei Lee, head of MENA equities, Emirates NBD Asset Management
Saleem Khokhar, executive director, head of fund management, Global Asset Management, NBAD
Akber Khan, head of asset management, Al-Rayan Investment

MENA has undergone major changes in the last few years, from the liberalisation of Saudi Arabia to the sharp fall in the oil price, so the upgrading of market infrastructure cannot come soon enough

Has the opening of the Saudi market lived up to expectations? How has it affected other Gulf markets?

Ryan Lemand: When Saudi Arabia first started announcing measures to open up its markets, hopeful voices thought there would be a wall of money arriving within a very short time span. Saudi policymakers tend to do things slowly but surely, and this is exactly what they have done this time. They opened up just a little bit, a small window, and since then they have been gradually opening up.

Shehryar Salam: The Saudi authorities are open to gathering feedback from the global institutional investor community in terms of account opening as well as applying for and utilising QFI quotas and what further changes may need to be made to enhance the process as a whole. That feedback will also focus on the announced changes by the relevant Saudi authorities with respect to changes in foreign ownership limits, settlement cycles, pre-funding and the like.

Should we expect reform in the kingdom to pick up in pace?

Akber Khan: We've been waiting since the turn of the century for the Saudi stock market to open to foreigners. The current leadership has a very long to-do list but the liberalisation of the exchange seems relatively high up. It has been a pleasant surprise to see the speed at which progress has been made this year and the initial timeline has even been brought forward. That doesn't happen very often in our region.

Qatar and the UAE are fortunate that they did all the work and ticked the boxes to enter FTSE and MSCI emerging market indices well ahead of Saudi Arabia. Once the Saudi giant shares the same spotlight, the onus will be on its smaller neighbours not to allow the attention they've enjoyed from international investors to dwindle. Why focus on countries which trade $100-$200m per day when you can invest in one where volumes can be $3bn?

Do other Gulf markets perceive a competitive challenge is looming as a result of Saudi opening? How will they respond?

Eric Salomons: I don't think investors have to exclude one at the expense of the other. The fact that investors look more closely at opportunities in Saudi doesn't exclude them from looking at the bigger names in the UAE, where there are some sizeable companies. The fact that Saudi Arabia features more prominently in the minds of investors could actually create a synergetic effect – more focus on the region in general. There might be a bigger pie rather than the same pie divided by more investors.

Yong Wei Lee: If you take UAE and Qatar, they each have 1% in the MSCI Emerging Market Index. If you add Saudi, which is probably going to start at 2%, collectively there's 4% reach just for GCC countries. Now, if you look at it from a foreign investor's perspective, 4% is too big to ignore. It's not small anymore. The large-cap blue chip names will potentially see quite a lot of international investment.

These reforms are taking place already. Earlier this year we were talking about certain foreign retail companies having 100% ownership in Saudi. That's quite a sea change compared to the UAE or Qatar – if a company wants to operate on UAE or Qatari soil, it's a minimum of 51% local ownership. Saudi Arabia is prepared to say: 'you can have 100% ownership if you come in and you add value'. I'm sure it's going to involve a lot of localisation, in terms of production and logistics.

Saleem Khokhar: The push from Saudi Arabia has been very strong in terms of getting foreign participation and trying to upgrade to emerging market status. I think the change in status should happen sooner rather than later – 2019 is hopefully when that will actually kick in. In the run-up there'll be a lot of adjustments to trading mechanisms and overall infrastructure.

Qatar and the UAE created much more transparency – a greater focus from the investor relations side and also from the analyst and broker community that cover their companies. That's something that bodes quite well [for Saudi]. The QFI steps that have been taken, the potential IPOs that could come to the market and the overall reform programme all make for a very interesting scenario for Saudi.

What has been the impact of low oil prices? It's clearly made economic growth more difficult, but has it spurred capital market reform?

Lemand: Am I worried? Absolutely not. The low oil price environment will persist and for me that's a good thing because a part of achieving sustainable economic growth is to be able to sustain shocks. These shocks are the reason why we see an increasing trend for reforms.

Will the UK's decision to leave the European Union, Brexit, have a

material effect on Gulf markets, given their strong links?

Khokhar: Personally, I think the direct impact will be quite limited for the region's markets. We may see some opportunities with sterling being slightly weaker – we've seen interest from a portion of investors looking to invest more into UK property at its new lower rate. Of course, the other way that it could impact us is if we saw slower global growth and a resultant weaker oil price. In terms of growth in the region, especially in the UAE, we may see an impact in terms of UK-based property investors that invest in the region and a decline of UK-based tourists.

Are we seeing substantial changes to custody and settlement? How is the market infrastructure developing in the region?

Khokhar: In terms of the settlement cycle, Saudi Arabia is on T+0 and the rest of the region T+2 or T+3. Saudi is likely to move to T+2 as we get towards 2017, or perhaps beyond, to align with international standards. From a middle office perspective, there is a requirement for slightly better infrastructure, for example straight through processing (STP). That's something that can certainly assist, in terms of improving what can at times be a somewhat manual process in the region. On our side of the fence, we're already implementing STP and it's an example of a simple change that can make a real difference.

Khan: The biggest hurdle for the GCC isn't custody and settlement, it's regulation and that remains relatively dormant. Three or four years ago I heard people make the argument 'who cares if the capital markets in our region don't work properly, we don't need any capital'. Now we do need capital and they still don't function as needed.

Lemand: While the MSCI inclusion is a great achievement, we shouldn't think that we are over the finish line and we have won the trophy. There could have been many other measures, which could have brought much more liquidity than MSCI. One of those is short selling. For me as a portfolio manager, not having the possibility to short-sell is like driving a car without brakes. When the markets go up we portfolio managers go long, we buy stocks. When the market is going down, we have two choices in normal markets. We either use short selling to hedge ourselves or reduce our positions. What happens to the stock market in this case? The volumes traded drop, and that's precisely what's happened in stock markets in the region.

To help deepen the markets, one solution would be to introduce new products that professional asset managers use. But this hasn't been the case. We don't have futures, we don't have options and short-selling is very limited. These are the bread and butter of any professional portfolio manager.

How does the MSCI view this issue? What are your criteria for acceptance?

Salam: MSCI's index construction and maintenance criteria are rules-based, transparent and publicly available. When it comes to MSCI's market classification, we essentially look at several quantitative rules such as size and liquidity as well as a series of qualitative rules that capture elements such as the ease of capital flows and foreign ownership limits, for example.

Environmental, social and governance (ESG) factors at a company are not taken into account in the construction of MSCI's standard indexes, however, we have seen ESG factors impact Arabtec.

In this case, governance issues were raised to MSCI that led to a reduction in the liquidity of Arabtec in the MSCI UAE index and a reduction in its weight in the MSCI UAE Index, so there can be an indirect impact. To more explicitly target ESG investment criteria MSCI has a separate family of indexes that take ESG research and ratings into account in their construction and maintenance.

Do you see the recent changes in Saudi Arabia making an impact on this situation?

Lee: One year on from the Saudi opening, if you look at the relative holdings of swaps, P-notes and QFIs, 90% of foreign inflows at this stage are still very much through swaps and P-notes. QFI just accounts for about 10% of inflows. Despite all the effort, somehow the rules are cumbersome.

I'll give you an example. QFI is applied to the domicile of the client and not so much the domicile of the fund. So, GCC-based fund managers running funds domiciled outside of the GCC, say in Luxembourg, will not qualify as a QFI member. That becomes a bit of a hindrance. The blue sky scenario for me would be if Saudi opened its doors to foreign investors in the same way as UAE and Qatar have – do away with QFI, swaps and P-notes and just use foreign ownership limits.

In other words, try and keep it simple.

Lee: Yes, open the gates, let the institutional fund managers and brokers come in and allow them to do all the research. The fact that foreign institutional investors are used to dealing with larger cap companies globally, and will expect similar levels of corporate governance from Saudi companies, raises the bar for management of Saudi companies.

Khan: For emerging market investors, top-down asset allocation can sometimes be as simplistic as cutting from oil exporters while adding to oil importers. That removes capital away from a region seen to be packed with

"Qatar and the UAE created much more transparency – a greater focus from the investor relations side and also from the analyst and broker community"
SALEEM KHOKHAR, NBAD

"The support for Egypt – from the UAE as well as Saudi Arabia – has been immense"
ERIC SALOMONS, DFSA

uncertainty and re-invests in places such as India or Turkey, which benefit from low oil prices.

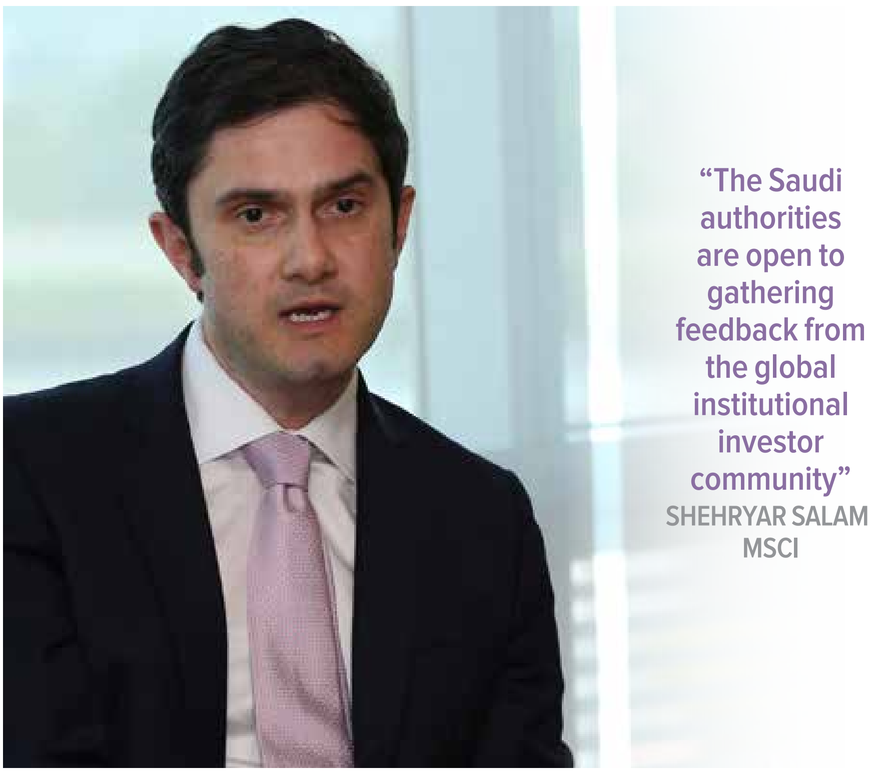
Khan: It is far easier for investors to meet a significantly larger set of companies in Saudi than Qatar, and I say this as someone based in Doha. In general, corporate governance in Saudi is years ahead of Qatar.

"The blue sky scenario for me would be if Saudi opened its doors to foreign investors in the same way as UAE and Qatar have"
YONG WEI LEE, EMIRATES NBD

We've seen a new financial centre emerge recently, the Abu Dhabi Global Market (ADGM). Is there room for two large financial centres in the UAE?

Lemand: From a policymaking perspective, with the transformation taking place in the region and in the UAE, yes, absolutely there needs to be a second financial free zone in Abu Dhabi that serves complementary purposes to the DIFC. In the DIFC, we see a lot of wealth managers, a lot of investment banks and a lot of Saudi family offices opening up. The ADGM is betting on something slightly different. They're looking more at the fintech sector. Today robo-advisory is a huge trend in the US. It is a disruptive technology that is coming in and this is what ADGM, as a financial hub, is looking to bring to the UAE.

After all, we want competition. We are human beings. If there's one thing that makes us humans move forward it is competition. Why did the US reach the moon in 1969? Because it was in a race with Russia. Is there healthy competition with Saudi Arabia in the financial sector? Absolutely. We want to compete. It's competition between brothers or cousins; it's always healthy because this is how we improve.



"The Saudi authorities are open to gathering feedback from the global institutional investor community"
SHEHRYAR SALAM, MSCI

What needs to be done to support product innovation?

Lemand: Simple. Completely lower the barriers for ETFs. We need futures, we need index trading. This is absolutely essential. Today, the world is transforming.

Salomons: An ETF recently listed on the Dubai Financial Market. The question is what it would take to make these products more successful and mainstream, as they have become elsewhere? I don't pretend to have that answer. The DFSA's regulatory framework, in line with international standards, allows ETFs to be offered and traded in the DIFC.

We have had early conversations in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the last few months with some potential ETF issuers in the region and elsewhere but this hasn't resulted in a listing or an admission to trading just yet. If the admission is an alternative manner for distribution of the fund locally then it may make sense to seek a listing locally in Dubai. However, if you are already listed in Dublin or Luxemburg an additional listing in the Middle East may not be a logical first step.

Khokhar: There are hurdles and obstacles to having a region-wide ETF, but if you had an ETF that was GCC or even MENA, I think that could bring a wider type of appeal.

Lee: The size of iShares ETFs in the UAE it is about $40m. It's been here for about two years. ETFs just give you a long exposure to the market. We have them here but it doesn't seem to be very well used and iShares is not a small business – it's a big establishment and well known in the ETF world. People talk about it, and I agree that ETFs challenge active managers such as myself. I suppose they are a cheap way to access markets. Yet in this part of the world it seems like the actively-managed funds still seem to be getting most of the attention from investors and ETFs have not yet caught on in the same way as in other parts of the world.

Khan: We have been trying to throw our hat into the ETF ring for quite a while. Apart from a surprising lack of understanding from most international service providers based in the GCC, we've had to deal with a host of regulatory issues for the last two years. In Qatar, we are blessed with three regulators and began from a place where the law didn't recognise ETFs. There is a very long list of issues to work through, which includes items such as the harmonisation of relevant rules between regulators, introducing provisions for stock-lending and borrowing, recognising liquidity providers and licensing them, and even the mechanics of settling a basket of securities against an ETF. ETFs are a $4trn asset class globally, but GCC-domiciled names have assets of less than $50m. Facilitated by the Qatar Stock Exchange, Qatari regulators have made significant progress this year – so while we've had several false dawns for our sharia-compliant, Qatari equity ETF, we are again hopeful of launching within six months.

Salam: MSCI does not invest in markets itself – we are not an asset manager. However, we are seeing increasing demand from our asset manager clients in the MENA region for regional high dividend yield indices, especially in the current low interest rate environment. In addition, we are also witnessing continued interest in factor indexing, such as targeting a factor or risk premia exposure via an index strategy. Lastly, we are having discussions with a number of clients looking to grow and diversify their private real estate exposures and needing a service they can use to identify gaps in their current allocations.

Fintech is generating excitement globally. How significant is it for the region?

Salomons: At the DFSA we have been developing a regulatory framework for the DIFC and a detailed consultation paper on loan-based crowdfunding should be published in the coming weeks. There are a few firms in Dubai and the wider region that have stepped into the SME financing space and have got some traction.

The challenges for the first movers is that crowdfunding does not neatly fit into existing categories of financial services. Investors and regulators around the region need further education about the operating model, to better understand the risks and opportunities crowdfunding is creating.

There are some firms that have tried to find a niche for fintech in a broader sense rather than just for financial services, including the possibility of attracting IT talent and firms to Dubai and the region. Most financial services offered by, for example, crowdfunding platforms would be regulated. However, there are other fintech initiatives around Dubai that would not be caught by financial services regulation.

Lee: We have been talking about the supply side of fintech – but what about the demand side? There are people who ask for it to be regulated. What about the end-users? Is the market ready in terms of demand? The situation has been 'if you bring it, the demand will come', but is there any proxy you can use now to show that there is demand for this type of product?

Do you see Egypt rebounding, despite its current challenges?

Lemand: Egypt is a sick country that is recovering. The organs are not functioning adequately. For local investors, it's about financial markets. They are trying to activate financial markets so that local capital does not want to flee. They introduced three new regulations a few months ago, simplifying listing, regulation regarding block trading and the listing requirements for ETFs. This is to attract local capital back to the local stock markets, instead of running away to London.

Lee: They've got to devalue the currency fairly significantly. They've got a parallel market to the official rates – they need find a number between the two and that number is probably the right number to make Egyptians feel that it's come to a point where it's too expensive to rush through the door to change it for dollars.

Do you see Egypt re-emerging on global investors' radar screens?

Lee: If you take a 10-year view of Egypt, after the currency has devalued it is a cheap time to come in. But that's only one side of the story. It may be cheap, but if you can't get your money out then what's the point? It is cheap for a valid reason. You've got to have a free flow of capital in and out and not a pseudo capital control situation where some can get the money out and others can't. You need a pure free flow of dollars in the capital market. In that situation, confidence in the Egyptian pound is preserved and people will continue to use it without feeling the need to rush and change it into dollars.

Salomons: The support for Egypt – from the UAE as well as Saudi Arabia – has been immense. In the capital markets, we witnessed increased interest in cross-listings between EGX and NASDAQ Dubai. This hasn't yet come to full bloom, but it is an interesting example nevertheless of cooperation and coordination between regulatory bodies. Direct connectivity by Egyptian brokers and market makers to transact in cross-listed securities from Cairo into the DIFC's exchanges is now possible.

"While the MSCI inclusion is a great achievement, we shouldn't think that we are over the finish line and we have won the trophy"
RYAN LEMAND, ADS SECURITIES

"The biggest hurdle for the GCC isn't custody and settlement, it's regulation and that remains relatively dormant"
AKBER KHAN, AL-RAYAN INVESTMENT

CEO OF THE YEAR

Jassim Alseddiqi

The ADFG head has steered a sizeable increase in AuM at the Abu Dhabi-based group over the past year

Under the leadership of its chief executive officer and managing director, Jassim Alseddiqi, Abu Dhabi Financial Group (ADFG), an alternative investment firm he founded and has led since January 2011, has grown faster than any other investment manager in the GCC (Gulf Cooperation Council) over the past 12 months as it successfully pursued a strategy of opportunistic investments led by its real estate activities. ADFG now has over $3.5bn in assets under management, across real estate, alternative structured credit, private equity and secondaries, and capital markets – an increase of $1.9bn over the last year, and testament to Alseddiqi's realisation of his growth ambitions for the group.

Alseddiqi is a distinguished engineer, entrepreneur and investor. He has a strong track record in investment and portfolio management. Together with his international market analysis and insight, specifically in the European and MENA markets, he dynamically devises investment strategies to capitalise on market opportunities for ADFG.

Since its inception, ADFG has generated an annualised IRR of 27% across its investments portfolio. Additionally, ADFG has made substantial distributions back to its investors, as a result of several partial and full exits.

Alseddiqi started ADFG in 2011 with a vision of creating a wider alternative investment platform in the GCC region. In the short period of five years since inception, ADFG has evolved and expanded into an integrated financial services platform, encompassing alternative investments, asset management, advisory and research, financing and structuring solutions, securities trading, and real estate development.

Alseddiqi's vision for ADFG was driven by innovation right from the start. Consequently, ADFG led several innovative deals and transactions that were pioneering in the region.

These include the formation of the region's first dedicated secondary private equity fund (ADCM Secondary Private Equity Fund) in 2011, targeted towards acquiring interests in MENA based GPs. In 2012, ADFG launched the listed PE fund – QIL through an IPO on LSE-AIM (first cash shell by a regional company) which is being followed by peers as we see in the case of the cash shell IPOs of Marka and Amanat in 2014. It structured a unique S-Rep, the first sale-repurchase agreement (structured debt) with a developer in UAE in 2012. It led a reverse takeover of ADCM-SPEF by QIL and relisting on LSE-AIM, and secured a Eurobond issue on the Channel Islands Stock Exchange.

ADFG owns seven million square feet of real estate across London, Eastern Europe (largest mixed-use real estate development in Montenegro, the Capital Plaza), and the GCC.

ADFG other sectors include debt financing, capital markets (it launched the first activist investor fund in the Middle East) and other financial services activities, such as its brokerage arm, Integrated Securities.

Alseddiqi has overseen a prosperous 12 months with the opening of the Capital Plaza, and receiving planning permission for the redevelopment of New Scotland Yard into The Broadway, a landmark mixed-use scheme nestled in one of prime Central London's most desirable locations.

With a land bank of c.600,000 square metres on the Black Sea in Arkutino, Bulgaria, and on the Mediterranean coast in Lucice, Montenegro, still to be developed, Alseddiqi aims to augment ADFG's status as one of that region's leading real estate developers and investors.

Prior to joining ADFG in 2011, Alseddiqi was the CEO of Abu Dhabi Capital Group. Preceding his tenure in the investment world, he was a noted lecturer at the Abu Dhabi-based Petroleum Institute.

Alseddiqi holds a Bachelor of Science in Electrical Engineering from the University of Wisconsin-Madison, and earned his Master's of Science degree in Electrical Engineering from Cornell University in the United States. He also has several publications in international engineering journals.


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ASSET MANAGER OF THE YEAR

NBAD Global Asset Management

NBAD is adding ballast to its innovative approach to asset management, tapping into the strength of the brand and network

NBAD Global Asset Management (GAM) has a proud history of innovation in the asset management arena, being the first in the UAE to launch an open-ended equity fund in 2000 and the first ETF in 2010. It was the first to launch a series of offering across both the equity and fixed income segments.

The most recent offering has been the West East Corridor Africa Asia Frontier Markets Fund, which aims to tap the growth potential of the African and Asian Frontier markets. GAM's diversified range of product offerings ensures that clients receive the most attractive risk adjusted returns. It will be adding further asset classes over the coming months and expects to launch some headline-grabbing initiatives very soon.

Despite market volatility GAM has on-boarded new mandates (both conventional and sharia) and launched a new mutual fund during the last 12 months. It has also further diversified the product range in the past year. Total AUM stood at over $2.43bn as at 31 May 2016. Wins have been seen on multiple fronts with fixed income, equities and trade finance solutions all participating to offer investors a well-diversified portfolio and superior performance.

The strength of the NBAD brand and its network provides the GAM team with a deep resource base and strong customer relationships, which help to build a unique understanding of companies in the region. What is unique is that all the inflows at GAM have been into products built and managed in-house. GAM has in place a fully resourced research and fund management team to manage client assets.

This has enabled the team to win a succession of institutional mandates and launch a number of mutual funds, which has propelled NBAD to be regarded as one of the biggest and one of the best asset managers in the region.

INTERNATIONAL ASSET MANAGER OF THE YEAR

ADS Securities Asset Management

The Abu Dhabi-based firm has seen robust growth in clients and AuM since launching just two years ago

ADS Securities Asset Management (ADSS AM) embodies the 'new paradigm': the continuous liberalisation of trade and capital markets, instantaneous trade flows, and evolving financial requisites as regulation increases and the local, regional and international competitive landscape intensifies. Its mandate is to build a global financial services firm offering the highest quality products and services.

Since launching in late 2014, the business has seen immense growth in both its client base and AuM. It has on-boarded 176 asset management clients in less than a year, launched the Duemme GCC Markets fund, awarded several private discretionary mandates for regional clients, while investing a wide variety of assets regionally and internationally. It has $1.2bn in AuM.

The ADSS AM team offers a range of investment vehicles including equities, real estate, fixed income, commodities, forex, and OTC derivatives. An Abu Dhabi-based execution desk is available, which trades all international financial assets. This provides clients with the ability to access multiple asset classes in all global markets.

Through organic growth, acquisition and strategic partnerships, ADSS AM has created a financial services firm which offers international knowledge, expertise and standards, but with the regional sensitivity and cultural identity of Abu Dhabi. The GCC is the geographical and financial centre of the MENA region and within it, Abu Dhabi has gradually emerged as the offshore wealth centre of choice. ADSS AM opens this gateway to investors who understand the strength of the GCC markets and its many opportunities.

ADSS AM does not have the historical limitations of private banks, nor the product and service restrictions associated with international investment firms; it combines the best of both to provide high quality, bespoke asset management services. It has grown at an incredibly rapid pace since its creation in 2014, thanks to high-calibre managers and its differentiated and unique approach to managing money in the region.

EQUITIES MANAGER OF YEAR

NBK Capital

A seasoned investment team is geared to ensuring products meet clients' shifting requirements

NBK Capital's MENA Asset Management is responsible for managing listed equities, managing three mutual funds (a GCC Fund, a Qatar Equity Fund, and a Kuwait Equity Fund) as well as Separately Managed Accounts (SMAs) for institutional and high-net-worth clients. It offers clients wide exposure to listed equities in the GCC and MENA region through a number of mutual funds. MENA Equities managed to achieve outperformance during the judging period across most of our managed equities.

The NBK Gulf Equity Fund returned -22.92% net of fees while the regional markets, as measured by the S&P GCC Composite LargeMid Cap Index, returned -23.48%. The NBK Qatar Equity Fund returned -16.68% net of fees, beating its benchmark, which returned -16.85%. The NBK Kuwait Equity Fund returned -11.30% net of fees, in-line with its benchmark. The SMA mandates portfolios recorded returns -23.02% net of fees with an alpha of 0.44%.

The firm points to its team of seasoned professionals employing best practice investment and risk management processes, a wide product offering, and the strong financial position of NBK Capital and its parent, as providing a clear edge over regional peers to deliver the best asset management solutions. The portfolio managers cover the different countries in the region and enjoy extensive experience in managing MENA and GCC equities. Meanwhile, the analysts are sector focused and employ state-of-the-art financial models to value listed companies, and develop in the process comprehensive knowledge of the different value drivers.

The SMA product is highly customisable to fit clients' varying needs. Among the many possible iterations, it currently offers both a conventional and a sharia compliant version, a style variant (dividend focused SMA) and different client mandated geographic exposure in the MENA (MENA versus GCC versus country specific mandates). Moreover, NBK Capital's systems allow it considerable flexibility in customising products that suit clients' changing needs.

FIXED INCOME MANAGER OF THE YEAR

Emirates NBD Asset Management

The UAE giant deploys sophisticated techniques to drive performance and control risk in the fixed income space

ENBD AM is the largest asset management company in the UAE with the largest number of in-house managed funds, offering a number of advantages: it is based in the DIFC, with the backing of its parent, one of the largest financial institutions in the region (Emirates NBD Group). It is regulated by the DFSA as a Category II firm, with the ability to operate an Islamic Window. It offers funds domiciled in Jersey (regulated by the Jersey Financial Services Commission) and Luxembourg (regulated by the *Commission de Survellance du Secteur Financier*).

Within the fixed income space, the team employs sophisticated techniques to drive performance and control risk. For example, it is currently holding US Treasury Futures to hedge interest rates and employing CDS on EM strategy. This helps control volatility during periods of market stress, and performance remains above major peers during most timeframes. The head of the desk, Usman Ahmed, who has been with the business for almost five years, is recognised as a leading expert in MENA debt.

Despite adverse market conditions, the company has retained its market share as well as overall AuM. Since manager inception in mid-2010, the Emirates MENA Fixed Income Fund returned 46.9%, with the Emirates Global Sukuk, Islamic Money Market and EM Corporate Bond AR Funds returning 33.4%, 6.7% and 6.2% respectively. ENBD AM maintains a Morningstar five-star overall rating and three year rating for the Emirates Global Sukuk Fund. ENBD AM is in a unique position as it operates as an independent asset manager but has the backing of the largest financial services company in the country, making it one of the strongest regional asset management companies in the region. Over the last year, the firm has demonstrated strong initiative and opportunities to provide clients with superior returns and to remain the number one asset manager in the country.

SHARIA FUND MANAGER OF THE YEAR

UNB

The Abu Dhabi-headquartered bank has achieved positive Alpha from its Islamic funds

UNB is considered one of the major commercial banks in Abu Dhabi and the UAE, with a presence in the Egypt, China, Qatar and Kuwait markets.

Established in 1982, the jointly Abu Dhabi-Dubai-owned bank sees the major attributes separating it from its competitors as its ownership structure, a win-win approach to its customers, flexibility and the wider expertise in its team, along with its investment strategy and asset allocation approach.

Major achievements during the last 12 months include positive Alpha across all its discretionary mandates as well as mutual funds. This ranged between positive Alpha of 4% in mutual funds and 9% in GCC managed accounts. It successfully smoothed the volatility that occurred in its markets related to political and economical events, through sticking to strongly fundamental companies and earnings estimates. The Abu Dhabi-headquartered bank has introduced a new concept in the region by which an investor can lock his or her profits within a specified time horizon in order to avoid market volatility. It also successfully forecast the downward oil price trend during 2016 which gave it a huge edge in approaching customers before its competitors. This helped tremendously in increasing its exposure to GCC equities before the trend reversed in oil and equities. Its Islamic Sharia Fund is number two among competitors, while its conventional Fund is ranked number one among competitors operating in the same markets.

The Al-Samaha Islamic Fund's objective is long term capital appreciation through investments primarily in sharia compliant equities listed in GCC, MENA, and other emerging markets with a specific focus on UAE.

The fund's strategy is based on a blended top down and bottom up approach, where geographical and sector focus is thoroughly analysed before making an investment decision. The fund is regulated by an agreed set of Islamic sharia criteria and guidelines.

SUKUK MANAGER OF THE YEAR

Abu Dhabi Islamic Bank (ADIB)

The bank has a track record in innovation in Islamic debt capital markets

Abu Dhabi Islamic Bank (ADIB) seeks to provide creative financing solutions to its clients in a sharia compliant manner. The bank has a substantial presence in Egypt, Saudi Arabia, Sudan, Iraq, Qatar and the UK. It has arranged around $7.5bn worth of sukuk (Islamic debt) in the last two years, spread across sovereigns, quasi sovereigns, corporates and financial institutions, applying innovative structures that have been accepted globally.

ADIB was ranked the number one bookrunner in UAE Islamic Financing league tables in 2012, 2013 and 2014 and number three across the GCC as a whole for 2014. It has been among top 10 UAE Islamic Sukuk bookrunners in 2012, 2013 and 2014. In 2015, ADIB ranked as the number one bookrunner in the UAE Islamic Syndication Bookrunner league table with a 25.53% market share.

It boasts a proven track record in the Islamic Capital Markets space, with solid experience in assisting issuers to access international capital markets. ADIB's ECM team brings best-in class structuring, valuation and execution to the UAE Equity Capital Markets.

Notable innovations from ADIB include the world's first sukuk financing supported by the UK export credit agency, the ECGD, in the shape of the $913m Emirates Airlines Sukuk, which is the largest ever capital markets offering in aviation space with an export credit agency guarantee.

It was also responsible for the first Islamic Corporate Hybrid in the world, the GEMS $200m Hybrid Sukuk which opened the door to privately-owned unrated Middle East corporates to access the sukuk market.

Other innovations include the first Tier 1 Capital Sukuk in the world – the ADIB $1bn Tier 1 Capital where ADIB led the way to the world's first Basel III compliant Tier 1 Sukuk issuance, as well as the first Usufruct Ijara Sukuk -- the Emirates Airline $1bn Amortising Sukuk.


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WEALTH MANAGER OF THE YEAR

Barclays

Technology and innovation are central to Barclays Wealth and Investment Management's success in the MENA region

Barclays Wealth and Investment Management (WIM) in MENA has grown its AuM while maintaining banker productivity -- despite challenging market conditions and two key de-risking initiatives. The first was an upgrade to the Know Your Client (KYC) requirements for both existing and new clients. As a result, several accounts which did not meet the new requirements were actively managed out. The second was a continuation of its global WIM strategy which required it to follow a robust client segmentation where it actively managed out accounts below £3m ($3.9m). Many initiatives were launched focusing on technology, innovation and most importantly client service. These combined led to a 44% drop in an already small number of complaints despite turbulent global market conditions. Barclays also rolled out Wealth Direct, a self-directed investment platform which empowers clients to manage their own portfolios; and Barclays Mobile Banking which enables clients to view a breakdown of their overall wealth, valuations and transactions on an intraday basis.

The bank's strength lies in the 'Integrated Banking Model' it applies in the MENA region. Through this model, the WIM division serves as a gateway for clients to access Corporate Banking and Investment Banking services while allowing its teams to leverage Barclays' global capabilities and international presence. Clients can have access to Equity Capital Markets and Debt Capital Markets through Barclays' Investment Bank, which provides them with the opportunity to participate in upcoming IPOs or debt issuances. Clients also have the opportunity to access Corporate Banking services for their companies, such as trade and working capital financing, debt finance, cash management and transactional banking.

Another key differentiator specific to the WIM division is the Investment Club, a unique proposition provided to UHNW clients globally that allows clients to leverage the geographic and entrepreneurial diversity of Barclays' institutional and private client network.

CASH MANAGER OF THE YEAR

Arab Bank

The bank has reaped the rewards of cash management systems engineered specifically for the MENA region

Arab Bank has solidified its leadership position in the region with its cash management solutions and services (Corporate@Arabi) across the Middle East and North Africa and has continually invested in it to ensure it stands out amongst competitors. Arab Bank also focused on key initiatives to ensure proper client awareness, including customer training and awareness sessions to improve regional activity in cash management solutions, while at the same time providing advanced solutions to large companies operating in the region.

The bank's cash management system provides a unique value proposition engineered specifically for the MENA region around its customer needs offering the richest online/real time features, convenience, a true 24/7 availability and a specialised Corporate Service Center, catering specifically to corporations. Corporate commercial transactions including the management of liquidity and cash payments in addition to the efficient handling of trade finance transaction are a priority at Arab Bank. The bank's offering also includes cross-border account management.

The solutions include Corporate@Arabi, whose vast capabilities allow for the management of subsidiaries easily by accessing the subsidiary accounts using a single login within a single platform across geographies. This feature is attracting holding companies that operate in different parts of the world, and has improved liquidity and operational efficiencies for such companies. Arab Bank's online cash management service features multi-bank and multi-region access with a single login, while also allowing companies to manage their subsidiary accounts (also using a single login within a single platform). Additional products launches include: Rate Negotiation, File services and File Import and Export. It has also launched Straight through Processing (STP) capabilities for direct collections and all types of transfers are available through the cash management platform which gives the client real time execution of transaction and account balances. Advanced dashboards meanwhile allow users to monitor activities and pending/upcoming tasks.

INFRASTRUCTURE MANAGER OF THE YEAR

The Investor for Securities Company

Infrastructure development funds form part of the Saudi company's broad offering

The Investor for Securities Company was founded in 2007 as an investment bank operating in Saudi Arabia and licensed by Capital Market Authority (CMA) to offer all types of investment services including dealing, managing, custody, arranging and advising.

The company is a collation of individual investors from Saudi Arabia, Qatar and Kuwait with a declared capital of SAR400m ($106m). It aims to benefit from the wide range of experience of its partners. It has for example been able to close one of the largest real estate deals in the market with a deal size of SAR3.5bn ($933m). The company's public funds have been ranked amongst the best, with the Al Hurr Saudi Equity Fund able to outperform the benchmark and TASI by 2.67% and 4.27% respectively. Currently, its services cover the Saudi market and the GCC for fixed income services, with only the Saudi market on equities.

The Investor for Securities Company is an Authorised Person (AP) complying with all the requirements of the regulator. It has ensured that it meets investor needs with existing funds while at the same time introducing new ideas and products. In the difficult times which face the real estate sector in specific and the economy at large, the Investor has been able to withstand the difficulties and continues to show resilient performance in managing its over all assets under management. With its diversified products base and qualified experienced staff it stands proud among competitors.

With its star performing equity fund and stable income generating fixed income fund the company says it is ranked amongst top 10 fund managers in Saudi Arabia. It continues to launch new ideas and products and contingent on approvals always tries to include innovations in them, such as combining in-kind contributions of the investors along with developers and completing various infrastructure development funds.

REAL ESTATE INVESTMENT FIRM OF THE YEAR

Abu Dhabi Financial Group (ADFG)

With a high-end property portfolio, the Abu Dhabi group has shown strong growth is possible in the current market

Under the leadership of CEO, Jassim Alseddiqi, ADFG has grown faster than any other investment manager in the GCC over the past 12 months as it successfully pursued a strategy of opportunistic investments led by its real estate activities. At the time of submission, ADFG has over $3.5bn in AuM, an increase of $1.9bn over the last year.

Over the last 12 months, ADFG has developed a leading portfolio of real estate assets in prime Central London, Eastern Europe and the Middle East. In total, ADFG manages over $4bn worth of projects, including a $3bn pipeline of high-profile developments in Central London alone. Across all locations, ADFG owns seven million square feet of real estate.

In Central London, ADFG has built a strong portfolio of real estate assets, including 10 Broadway, where it acquired New Scotland Yard from the Mayor's Office for Policing And Crime (MOPAC) for $560m. The development is to complete in 2021 and will feature six architecturally striking buildings. Others include 1 Palace Street, a high-end residential redevelopment project on the street across from Buckingham Palace with an expected completion date of 2018. This development will comprise 72 luxury apartments, a prominent restaurant and lavish health and fitness facilities.

In addition, ADFG launched The Capital Plaza located in the heart of Podgorica, Montenegro's capital city, in Q3 2015. This mixed-use real estate development occupies over 100,000 square metres of prime retail, business, hospitality and residential space.

The value, quality, desirability, return on investment and geographic diversity of the real assets managed by ADFG allows it stands out from the peer group. ADFG projects include the redevelopment of world-famous addresses and are predominantly luxury mixed-use real estate.

The higher ticket price of ADFG acquisitions, and then the final return on investment, demonstrates the uniqueness of the real estate assets managed by the firm.

GLOBAL CUSTODIAN OF THE YEAR

Citibank

Citi has committed significant resources to the Middle East, exemplified by the development of a Middle East Global Custody service

With a primary focus on regionally based Investor clients investing into MENA markets Citi has specifically developed a comprehensive Global Custody solution for MENA regionally-based Investor clients. Citi has focused this development on the design and build-out of a true Global Custody solution and product offering, which remains unique within the Middle East Region. The solution has allowed for the development of a competitive edge in its ability to provide tailored solutions based upon a Middle East presence, combining local market understanding and expertise.

While competitor solutions provide individual domestic sub-custody solutions grouped or packaged together for multiple markets (commonly referred to as wholesale sub-custody), the Citi MENA Global Custody solution via the Middle East Global Window remains the only true Global Custody product offering available in the region. It also remains the industry's only Middle East domiciled Global Custody solution, and maintains its primary focus on Middle East markets and corresponding Global Custody requirements. Core focus in 2016 has been on the further development and build-out of this dedicated Middle East Global Window which has seen strong growth in its second full year of operation. Assets under custody (AuC) have already surpassed $2bn and are expected to exceed $3bn by the end of 2016.

Significant additional developments have been seen in 2016 with the development and roll-out of Citi's award winning Auto-FX Global Custody FX solution and EMC – a Corporate Action and Income integrated solution for Global Custody clients in the Middle East. A key to this strategy is Citi's expanding branch network. Citi has developed and added Bahrain, Kuwait and UAE network in recent years, anticipating Qatar and Saudi Arabia to be added in 2016 with a view to opening in Jordan and Iraq to its existing significant presence in North Africa and CEMEA.

SUB-CUSTODIAN OF THE YEAR

Standard Chartered

Stronger relationships across the Middle East and a new integrated custody platform have resulted in strong securities services growth

Standard Chartered Bank (SCB) has had a massive impact in the Middle East custody space over the past three years. Following the rollout of fund services across the region, SCB supported clients in Jordan by entering the market to provide custody services, following the closure of a competitor. Within a period of 12 weeks SCB implemented its strategic custody platform and on-boarded 24 clients. This was the beginning of forging stronger relationships with multiple clients in the Middle East, including BAML. BAML, as the leader broker in the region, went to request for proposals stage and selected Standard Chartered for Cash, Custody & FX services in Oman, Bahrain and UAE markets. The market now recognises the investments made by Standard Chartered in the region and this is being reflected in its growth rate and market share

The bank showed strong securities growth in 2015. Revenues were up by 11%, and assets under custody were up by 3% to $900bn. The number of transactions grew by 20% to 1.3 million per month. More specifically to the Midde East, Standard Chartered has experienced a 52% compound annual growth in AuC across the region and 30% revenue growth. The success experienced in the Middle East is a reflection of the bank's commitment to the region, the quality of the service, the depth of the relationships with clients, regulators and infrastructures and ultimately the proven track record

In 2015, SCB completed the implementation of its new integrated custody platform as part of its $60m+ Strategic Target Operating Model investment programme. This strategic platform, which is now operating across the Middle East, has been re-built from the ground up to deliver an advanced set of capabilities which enables clients to efficiently manage back-office costs and risks, allowing them to focus scarce resources on their core business imperatives.

FUND ADMINISTRATOR OF THE YEAR

HSBC Securities Services (HSS)

Despite tough economic conditions, HSS has been supporting clients with their fund administration needs over the past year

HSBC Securities Services (HSS) has continued to invest heavily in its fund administration product over the last 12 months, meeting the needs of its strong asset management client base in MENA and utilising the capabilities for the benefit of public sector clients. HSS has continued to service the requirements of asset managers in MENA despite the tough economic conditions which have affected the size of funds and increased cost pressure. Given the strategic importance of this client base it has supported the launch of new funds in Bahrain, Qatar and Saudi Arabia, including cash funds giving markets and clients liquidity solutions.

In Saudi Arabia HSS has been working with the local regulator to support the Investment Funds Regulations, requiring the appointment of a third party custodian for Saudi Arabian funds, using its local and global expertise in the asset management sector. It has also extended and enhanced its fund administration services for the benefit of public sector clients delivering accounting, performance and risk solutions.

Being a global supplier of fund administration services HSS's clients in MENA also benefit from the investments it makes to support AIFMD, UCITS V, tax reporting, HSBCnet (an online portal) and a continued focus on operational efficiency.

HSS differentiates its fund administration proposition in MENA in multiple ways. However, three core areas are a regional presence, the fact that its fund administration business sits alongside the global custody business within HSS and the Global Banking and Markets business, allowing it to provide solutions to asset managers that cannot be delivered by trust banks or monoline fund administrators, and a client focus. It has a focused business model that focuses on key client sectors – banks and broker dealers, public sector, insurance, asset managers and pension funds. Administration services are delivered to all its MENA client base.

TRANSITION MANAGER OF THE YEAR

CitiTM

Citi's combination of a strong global and local presence has enabled robust growth in the Middle East region

CitiTM is one of the few remaining providers to have an authentic global presence with dedicated transition specialists located in London (EMEA), New York (Americas) and Sydney (Asia-Pacific). It has been providing portfolio transition services to global institutional investors since 1989 and a full project management service to a broader client base since 1994.

Its local presence is important. Effective communication makes a significant difference to clients in the Middle East region. Whether a transition is perceived as a success often depends on how well the project is communicated locally. The geographical distance between clients and their transition providers, language barriers, cultural differences and time zones can often make effective communication challenging. CitiTM believe there is no substitute for having a local representative present in the client office throughout the duration of an assignment and with a local presence in over 100 countries Citi is strongly placed to provide this service.

The past year has been another growth period for CitiTM in terms of both clients and revenue. While some competitors exited the business Citi's commitment to Transition Management is as strong as ever. Nowhere is this more apparent than the Middle East region where it has made a concerted effort to grow its business which resulted in signing new clients, including one of the world's largest sovereign wealth funds.

CitiTM is regularly selected for large (over $1bn) equity, bond, derivative and foreign exchange events. With the decline in equity and bond liquidity, and increase in volatility, there's been increased client interest in its principal solution offering in the past year. CitiTM has the ability to use Citi's balance sheet and effectively become a provider of liquidity. This approach allows for a transition to be completed within a client desired timeframe without delays helping reduce periods of extended market risk

FINANCIAL CENTRE OF THE YEAR

Abu Dhabi Global Market (ADGM)

The world's youngest financial centre is looking to establish itself as a fintech specialist

The ADGM, the world's newest international financial centre from the UAE, went "live" in 2015 with all three independent authorities - the Registration Authority, the Financial Services Regulatory Authority (FSRA), and ADGM Courts. All three ADGM authorities have also adopted digital platform and services to cater to the varying needs of its local and international members.

As a broad-based financial centre, ADGM is a natural progression of Abu Dhabi's economic ambition. Within the space of less than a year it has 85 registered firms. Global institutions such as Macquarie and Aberdeen Asset Management have also demonstrated confidence in ADGM by their decisions to use ADGM to hub their MENA operations.

As an integrated regulator across the banking, insurance, and capital market sectors, ADGM has a holistic view and approach to managing risks. It offers a suite of innovative investment vehicles including trusts, special-purpose vehicles, family offices, collective investment schemes, open-ended and closed-ended companies all within a one-stop shop environment in Abu Dhabi. ADGM's "restricted scope company" provides a new holding company alternative for investors who require limited disclosure and prefer a regional incorporation model. For entities in the GCC, this means doing business closer to home.

ADGM will also be launching the first Fintech regulatory laboratory in the MENA region. It has been talking to potential partners in the US, Europe, China, and this region about developing the ecosystem to support the Fintech industry.

The "Regulatory Laboratory", a first in the MENA region, provides a controlled environment for Fintech players to develop, test and launch their products and offerings subject to regulatory safeguards.

ADGM announced in October 2015 that its Courts will be offering a full range of secure and sophisticated electronic services, including efiling, online case management and etrials. Etrials will be flexible and scalable according to the nature and size of the case.

EXCHANGE OF THE YEAR

Dubai Gold and Commodity Exchange (DGCX)

The DGCX has cemented its reputation as a bridge to the emerging markets

Established in 2005, DGCX is the leading electronic futures and options trading exchange and a key gateway to the emerging markets in the Middle East. It is a subsidiary of the Dubai Multi Commodities Centre, a government of Dubai entity.

The exchange has built a well diversified portfolio of futures contracts across multiple asset classes in FX, energy, Gold and precious metals, equity indices and single stock futures. It is the only exchange in the MENA region to own its own clearing house DCCC (Dubai Commodities Clearing Corporation) and provide multi currency settlements in USD, AED, EUR, JPY and GBP.

DCCC is the first MENA clearing house that has tied up with collateral highways such as Euroclear and Clearstream to provide for optimal collateral management and capital efficiency for its market participants.

Living up to its corporate tagline of 'right time, right place' with its geographical coordinates of the Middle East makes DGCX uniquely positioned to provide trading hours that cut across time zones from the US to Japan in a zero tax environment.

DGCX has constantly demonstrated innovation in its product suite, being the first to launch Indian Rupee futures in 2007 and more recently with the launch of its Global Single Stock Futures in January 2016 whereby local and regional investors can now trade on US and Key blue chip Indian equities like Facebook, Google, Apple, Microsoft, Tata Motors and Reliance Industries.

This gives it global access with the benefits of keeping the monies within the region and taking advantage of the economics of gearing and leveraging futures trading on a safe, well regulated and transparent platform. In June 2016 DGCX launched the DICO (Dubai India Crude Oil) Contract that provides trade in a Crude Oil futures benchmark referencing the Indian Rupee, while trading in US Dollars.

BROKER OF THE YEAR

Morgan Stanley Saudi Arabia

Morgan Stanley will mark a decade in the kingdom next year, and remains at the forefront of innovation in Saudi equities

Morgan Stanley Saudi Arabia has been present in the Kingdom since 2007 and became the first international banking institution to receive a licence from the Capital Markets Authority (CMA). It launched equity trading on the Tadawul in 2009. Its track record and on the ground presence uniquely positions it to assist clients with both access and execution to the growing Saudi equities market which looks set to open further to international investors. It has infrastructure and operations in place to provide the best execution for international and local clients to access and trade in Saudi markets. A dedicated team of equity sales traders is based in Riyadh, servicing global and local equity investors. Clients are provided with a central counterparty that can also introduce contacts in investment banking, fixed income and other areas, leveraging Morgan Stanley's global footprint.

Morgan Stanley has been at the forefront of innovation in Saudi equities and was the first investment bank to successfully execute a Swap transaction on behalf of a non-resident foreign investor, giving clients outside the Kingdom access to companies listed on Tadawul. It has worked closely with the CMA and Tadawul to assist in market institutionalisation, investor feedback and product development. Morgan Stanley's Research division publishes innovative Discovery Notes on Saudi small and midcap companies that do not benefit from widespread research coverage. To date, it has organised seven annual Saudi conferences, held in London with participation from tier 1 Saudi corporates and international clients.

Key achievements include holding a 23% share of trading in the Saudi market by international investor in 2015, and it is ranked first in M&A deal flow in the MENA region in 2015 (by Thomson Reuters), ranked as the top Emerging Market Equity House for 2015 (by Euromoney) and ranked as the top MENA/Saudi Telco Analyst for 2015 (by Extel).

FOREX BROKER OF THE YEAR

ADS Securities

The Abu Dhabi-based firm has become a centre for regional FX trading, investing in cutting-edge trading solutions

Uncertainty in global financial centres has meant that emerging and developing markets have had a greater role to play. ADS Securities' FX & Commodities brokerage business offers technology driven, service-led, multi-asset trading solutions: the ultimate online trading experience for private and institutional clients.

Brokerage highlights for this year have seen volumes reaching over $16bn daily, and it has the largest trading platform by volume based in the Middle East. Only five years ago, FX flows into and out of the region were negligible but now ADS Securities has become the centre for FX trading. The firm's capitalisation has allowed it to invest in the technology and the people to deliver cutting edge trading solutions at a time when many firms have had to focus their expenditure on legacy issues. OREX Mobile is the first multi-asset trading application designed in the region, for the region. It offers international pricing, products and service tailored to the unique requirements of Middle East traders.

OREX is a first in MENA and a major step forward in ensuring that Arabic language traders have access to the same tier 1 mobile trading technology available around the world. A reduction of credit and risk appetites and the subsequent decline in banks has resulted in a daily global FX industry credit gap potentially affecting as much as $1.3trn in daily volumes. This has changed the overall balance of the market, leading to much wider spreads and increased pricing for banks, hedge funds, international businesses and FX traders, but ADS Securities has stepped up to help close this gap. It saw an important role for strong, technologically astute brokerages to actively step in and ensure that a range of FX firms can access the credit lines they are looking for. Its dynamic PoP service is a reflection of a direct prime brokerage relationship with direct access to liquidity backed by strong capital and credit relationships.

ALTERNATIVE ASSET MANAGER OF THE YEAR

Sidra Capital

Robust increases in revenues and AuM attest to a strong investment philosophy that prioritises investor requirements

Sidra is an alternative asset manager specialising in real estate and structured trade finance. It is open to new products and asset classes, either developed inhouse or with partnership through third party asset managers. It seeks to keep an edge over competitors by listening to investors, keeping abreast with their needs and responding to their requirements for capital preservation and stable recurring income and by meeting their requirements and risk appetite. In this vein, it acquired two income-generating real estate assets in the UK and the US in 2015 (Drakehouse and Charlotte) and closed Riverside's transactions in early 2016 where the equity fund-raising has seen successful closures with new investors comprising of HNWIs and Family Offices.

The DECO Fund, a multi-currency, multi-geography investments strategy, was launched 21st May 2015. DECO is suitable for investors who have a higher risk appetite, progressing from lending to equity involvement in investee entities.

The proof of the robustness of Sidra's strategy is observable in the financial year 2015 performance whereby it achieved a 12.2% and 13.2% increase in revenue and net income respectively, while AuM jumped by 58.5% to SAR2.1bn in FY2015. AuM as at 31 March 2016 stood at SAR3.6bn. This performance comes in spite of the challenging environment and is attributable to a business philosophy that supports the creation of investment solutions that fulfill investors' requirements.

Sidra's real estate activities are a significant source of growth. It secured planning permission to develop 10 townhouses and 1 detached villa with ultra-high specifications in the UK through the Hamilton Drive project. Sidra secured an income generating single let office property in Charlotte, South Carolina, USA which provides an attractive yield of 8.5% over a 3.5 year hold period. In Saudi Arabia itself, it has been mandated to advise three Saudi real estate transactions with total GDV of SAR880m.

BEST NEWCOMER

Aventicum Capital

The Qatar Holding-Credit Suisse joint venture has made an immediate impact in the asset management space

Aventicum Capital Management is a global multi-boutique asset management joint venture between Credit Suisse and Qatar Holding. The business model combines entrepreneurial, independent investment management with the institutional strength and governance of Credit Suisse and the long term-capital support of Qatar Holding. The group includes four distinct boutiques each managed independently with specialist investment strategies. Total group assets under management stood at $1.1bn as of 31 May 2016.

Aventicum Capital Management Qatar manages an absolute return MENA long-only strategy and a long/short frontiers strategy. The investment team is one of the most experienced on-the-ground teams in MENA, with a combined investment experience in the region of 70+ years and a 10+ years track record across multiple complete market cycles. The MENA Fund will hit its three year track record at Aventicum in July 2016, a remarkable +27% increase to date and ranking in the top 5 in MENA among its peers. The differentiated business model combines entrepreneurial, independent investment management with the institutional strength and governance of Credit Suisse and the long-term capital support of Qatar Holding.

The AQS MENA Fund has a team with the longest public track record in the region (as opposed to firm track records) since 2005. The AQS Frontiers Fund is one of the few hedge funds within MENA and frontier markets with a long, historical track record. The PM has a historical track record executing a long/short strategy in the region since 2006 under previous employers. The firm is well positioned. The AQS MENA Fund is one of the largest in its category in terms of both the AuM and its location in the top five in performance year to date terms. The Frontiers fund is an innovative product, and one of the few hedge funds in the MENA and frontier markets.

LAW FIRM OF THE YEAR

Arendt & Medernach

The firm has a broad presence across all jurisdictions in the region and the largest funds team advising on Luxembourg law

The only independent Luxembourg law firm with an office focusing on the MENA region, Arendt & Medernach advises more than 3,500 Luxembourg investment funds, 34% of the total. It represents over $948bn of AuM, and has more than 140 fund lawyers – making it the largest funds team in the world advising on Luxembourg law.

In the MENA region, it has advised or is currently advising the first DIFC-based investment manager, as well as the first investment manager regulated by the Emirates Securities and Commodities Authority (ESCA) on the establishment of its UCITS platforms. It has also advised on the establishment of the first Luxembourg UCITS fund, managed by a DIFC-based investment manager, as well as the first Luxembourg UCITS managed by an ESCA-regulated investment manager. It has also advised on the first sharia-compliant trade receivables securitisation platform, as well as leading GCC-based investment managers, on re-domiciling their funds from other jurisdictions to Luxembourg and establishing new funds in Luxembourg. The firm's strategic presence in MENA enables it to cover all key markets in the region. It also offers clients a complete set of services based on their business needs: Arendt Services offers a wide range of services, such as domiciliation, corporate secretarial and accounting services, directorship of companies, tax compliance services and assistance in the winding-up of companies, as well as a dedicated notification department which takes care of the relevant formalities relating to the registration and maintenance of UCITS clients in both the EU and non-EU states.

Arendt & Medernach is an active member of the Association of the Luxembourg Fund Industry and its Middle East Working Group in Dubai. It understands the specificities of the GCC/MENA markets and has successfully represented the interests of local players before the Luxembourg regulator notably with regards to the qualification of P-Notes on the Tadawul.

CONSULTANCY FIRM OF THE YEAR

Insight Discovery

The firm, which publishes the Middle East Investment Panorama report, is busy in the MENA region with research and consultancy work

Insight Discovery continues to attract more asset management companies as clients than in any previous year, both for ground breaking research reports and consultancy work, such as media support. It has expanded its team with two new employees.

Its main achievements over the past 12 months include breaking the story that Saudi Arabian Monetary Agency (SAMA) had liquidated about $60bn of assets, which hit the front page of the Financial Times, went viral and ended up being covered by over 400 financial titles around the world. Its flagship Middle East Investment Panorama (MEIP) report is now in its seventh year. In 2015 it reported a record number of partner firms, 31 in total; these included BlackRock, Schroders, and Fidelity.

Not only did MEIP cover the hot topics of the day, such as Iran, SAMA and regulations, but it was widely distributed through the region, including the reception area of every building in the Dubai International Financial Centre (DIFC). MEIP has become the most sought after annual report on the financial services landscape in the GCC region.

During March 2016 it published a report on behalf of Zurich on the topical subject of End of Service Benefit (EOSB). Not only did Insight Discovery conduct the research but it also hosted a Leadership Roundtable, wrote the findings and managed the public relations. This report has been one of the big stories in the financial press this year and has contributed to this issue being debated among conglomerates in the MENA region. Asset management companies are one of the key beneficiaries of the ongoing reforms to EOSB.

Insight has also built a database which covers all the tier 2 and 3 institutional investors, banks and financial advisory firms in the GCC. This is an online subscription based service called Insight Discovery Confidential.

Recognising excellence

MENA asset managers have had to cope with challenging economic headwinds in the past year, with lower oil prices forcing many to adapt their strategies to suit a lower growth environment.

Early 2016 witnessed a pullback in MENA equities that pushed down valuations. On the other hand, the inclusion of two of the largest Gulf markets on the MSCI Emerging Markets index, along with Saudi Arabia's landmark market opening, have created opportunities for foreign investors.

The region as a whole is migrating from the edges to the mainstream of global investors' radars. In this context, the most successful asset management firms are those that have evolved most dynamically, as the award winners on the following pages demonstrate.

Jordan's AB Invest for example has seen AuM grow by 15% in 2016, in spite of the market conditions, and it expects to achieve 25% growth by year-end. It has found time for new product launches, with two Guernsey-domiciled MENA focused feeder funds issued in cooperation with Arab Bank. Saudi Arabia's Sedco Capital, the first Saudi asset manager to be awarded a mandate to manage equities under a UCITS platform, has extended its reach with opportunistic real estate investments, including the acquisition of a cold storage distribution facility in a prime area of Brisbane, Australia.

The UAE's Rasmala Investment Bank recorded strong inflows into recently-launched alternative investment strategies of leasing, trade finance and real estate. Qatar's QNB managed to outperform the markets it operates in. In Qatar equities its average return is 18.1%, and the asset manager plans to introduce other opportunistic asset classes (such as equities, fixed income and alternative investments) and geographies to QNB investors.

ASSET MANAGER OF THE YEAR

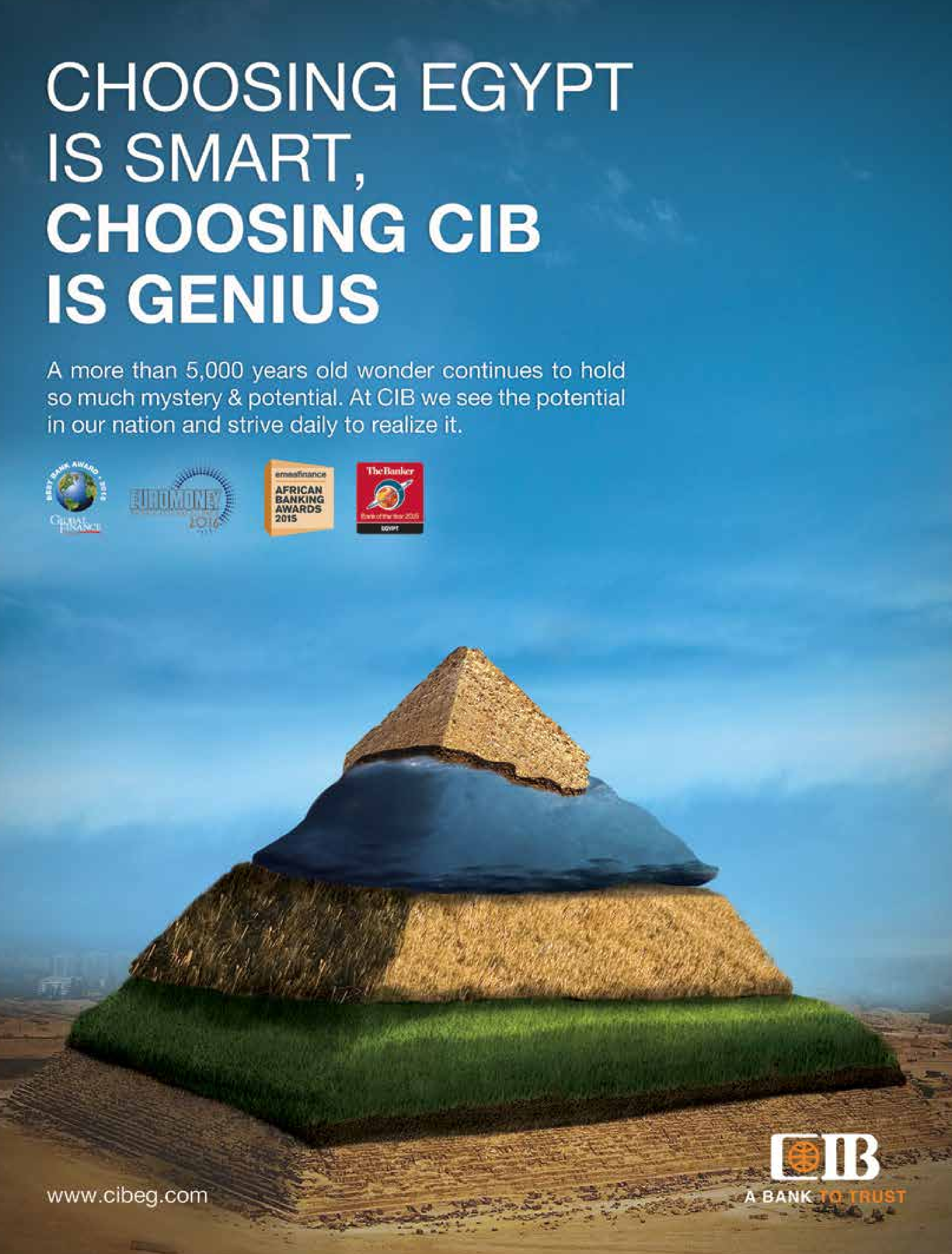
CI Capital

CI Asset Management is a pioneer in Egypt, bringing in innovative products to an evolving market

CI Asset Management is one of the first institutionalised asset managers in Egypt, with a strong management team backed by the largest private sector bank in Egypt (CIB), and the fastest growing full-fledged investment bank with its various departments (brokerage, research, investment banking and private equity). It is a pioneer in introducing innovative products into the Egyptian market, with assets under management (AuM) in excess of EGP10bn ($1.13bn) and the widest mandate range in the Egyptian market. This enables a strong institutional set-up. CI Asset Management operates number of portfolios on behalf of high net-worth individuals (HNWIs) and institutions, and introduced Egypt's first – and so far only – one-year open-ended capital-protected fund. It also introduced Egypt's first sharia-compliant money market fund.

CI has recorded sustained outstanding performance in all the different asset classes accredited by the Egyptian Investment Management Association (EIMA). It puts a strong emphasis on corporate governance and risk management to align business practices with the best interests of stakeholders while maximising transparency through timely information disclosure. It also boasts prominent local and foreign institutional clients, as well as HNWIs, serving them with professionalism, integrity and strict adherence to business codes of ethics.

CI has also taken the top rank among top quartile asset managers in the Egyptian market in all asset classes under management. It continuously structures and offers investment products to serve the ever-changing needs of investors. Among recent awards in recognition of these achievements are Best Fixed Income Fund in the Egyptian Market (Banque Du Caire Fixed Income Fund) by EIMA, and ranked 2nd for 2-Year Equity Fund Cumulative Returns (CIB Equity Fund) by EIMA. It was also awarded the Best Money Market Fund in the Egyptian Market (Blom Money Market Fund) by EIMA.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ASSET MANAGER OF THE YEAR – JORDAN

AB Invest

The kingdom's largest asset manager has demonstrated robust growth in a volatile climate

AB Invest is the largest private asset manager in Jordan in terms of third party assets under management. It offers discretionary customised portfolio management investment solutions, and has launched a series of MENA-focused funds, conventional and sharia-compliant.

The flagship Arab Bank MENA Fund and IIAB Islamic MENA Fund, are some of the oldest funds in the region, with consistently outperforming track records of around 8 and 11 years respectively. They are the first at the Jordanian level to offer local investors the opportunity to get exposure to fundamentally-driven and prudently selected MENA equities at an efficient cost. Both Fund' performances since inception delivered positive alpha of 39% and 20% in the same order, relative to the market's general benchmarks, notably the Dow Jones MENA and the Dow Jones MENA Islamic indices. In 2015, a year characterised by high volatility, both funds declined by 9.99% and 7.39% respectively, relative to depreciations of 16.99%, and 19.3% by the Dow Jones MENA and the Dow Jones Islamic MENA indices respectively.

AB Invest not only holds the leading position in Jordan in terms of MENA-focused assets under management, but is also growing it significantly. AuM's have already grown 15% in 2016, despite the difficult market conditions, and it expects to achieve a 25% growth by year end. This is viewed as a solid vote of confidence in AB Invest's capabilities and potential. To complement the offerings and satisfy the soaring demand for sharia compliant investment solutions, Asset Management launched in 2008 the IIAB Sukuk & Murabaha MENA Fund, an open- ended MENA focused fund, investing in a unique, high growth asset class.

Furthermore, in its efforts to promote and recognise the MENA region on the international investment map, it has also launched two Guernsey-domiciled MENA focused feeder funds in cooperation with Arab Bank.

ASSET MANAGER OF THE YEAR – KUWAIT

KAMCO

The Kuwaiti firm has a prudent investment philosophy that has commanded the goodwill of a large client base

KAMCO, a subsidiary of United Gulf Bank (UGB) and the asset management and investment banking arm of Kuwait Projects Holding Company (KIPCO), has one of the largest private sector assets under management (AuM) in the region. The MENA Asset Management department helps investors gain easier access to Kuwaiti and other Middle Eastern capital markets, utilising a professional and results-driven management team with experienced managers to deliver sound investment strategies that can be adapted to changing regional economic dynamics to maximise client returns and minimise their risk.

KAMCO was ranked among the top 15 international lead managers and book runners in GCC and MENA Bonds, and the first in Kuwait according to Bloomberg's EMEA fixed income league tables for the first quarter of 2016. The rankings, based on actual funds raised during the first quarter of 2016, accounted for the total volume and market share of all transactions executed during the period. It has grown fee income and maintained profitability. It managed the first investment grade rated (Baa1 by Moody's) Subordinated Tier 2 issue in the MENA region. In 2015 it signed a memorandum of understanding with Bahrain-based Takaud Savings & Pensionsfor future cooperation. This step is designed open doors to investment collaboration between the two companies in Kuwait, Bahrain, and other countries in the region, offering a diverse pool of investment products for clients and shareholders.

KAMCO offers innovative products and services to its clients, holding over $11.2bn of client AuM and has successfully completed 85 investment banking transactions worth over $12bn as of 31 December 2015. With almost two decades worth of experience in conducting business in Kuwait's dynamic investment industry, KAMCO has successfully established a robust reputation for solidity, characterised by its prudent, conservative investment philosophy and spirit of transparency, which has consistently commanded the goodwill of a wide patron-base.

ASSET MANAGER OF THE YEAR – LEBANON

Blominvest

The Beirut-based firm has steered a steady growth path, emerging as a regional player of significance

Since inception in 2008, just months prior to the global financial crisis, the asset management department has been at the forefront of sustainable investment funds development, reflected in the growth of AuM. The asset management department has grown from being a local player with two funds to becoming a regional competitor with 10 funds with $600m of assets under management by H1 2016.

The driving force behind the rapid build up of funds has been the innovative product development methodology of the asset management team. Their expertise in engineering financial products not only hedged investors from the financial meltdown but provided them with steady returns that surpassed other investments in the same class. Accordingly, the trust of clients has been earned in a rather difficult period of time. Behind this trust has been the parent group's philosophy of delivering 'Peace of Mind' to its clients which has been at the forefront of the funds business strategy.

In late 2008, Blominvest's Asset Management became the pioneer in the Levant for launching two mixed-asset class mutual funds holding equity components; the BLOM CEDARS Balanced Fund and BLOM PETRA Balanced Fund that target the Levant region. These open-ended investment funds were designed to provide annualised returns higher than bank deposit rates at acceptable risk levels. The guideline allocation of 75/25 (debt /equity) proved very successful, especially in times of market turmoil.

Blominvest's most notable development in the past year has been the spinning of the asset management department to become a full-fledged independent Asset Management Company wholly owned by BLOM Bank. The launch of the new company reflected the need to expand regionally to tap into new sources of funding and client diversification, in addition to consolidating BLOM Bank's asset management offering across the Arab region. The company will be headquartered in Beirut with an arm in Cairo.

ASSET MANAGER OF THE YEAR – MOROCCO

Wafa Gestion

The kingdom's largest asset manager has reaped the rewards from its culture of fostering innovation

Wafa Gestion is Morocco's premier asset management firm in terms of market share (27%) and the number of managed funds, at 80 funds. It boasts MD94.7bn of assets under management and has more than MD 3bn of cash raising, one of the best performances for fixed income funds. Incorporated in 1995, Wafa Gestion is the asset management arm of AttijariWafa Bank; the bank is the main shareholder of Wafa Gestion (with 66% of the capital), with the remainder held by French asset manager, Amundi. It has 46 employees, including 11 inestment professionalks.

The firm has over the years developed a culture of innovation since it launched Morocco's first ever mutual funds. It benefits from a a strong partnership with two major distribution networks: those of Attijariwafa bank and Crédit du Maroc. Providing savings solutions for each, Wafa Gestion offers a complete range of investment products adapted to each client's profile, covering private and corporate customers.

There is a range of five mutual funds open to the public. The firm offers tailor-made solutions to allow investors to carry out, through a dedicated fund, or via a management mandate, appropriate financial management to meet their overall performance objectives.

Wafa Gestion offers its customers strong strong and efficient management processes to maximise all sources of added value and ensuring the sustainability of the quality management. It also has an efficient information system characterised by an integrated tool for advanced technology and designed specifically for the business of asset management. It has a team of specialist staff, with investment managers for each asset class, buyside investment analysts and client relations advisers for each client segment. Wafa Gestion has developed a strong track-record and expertise across different asset classes. Clients benefit from a diversified asset allocation approach that is well-adapted to all risk profiles.

ASSET MANAGER OF THE YEAR – OMAN

Bank Muscat

The sultanate's largest fund manager has overseen consistent performance in its fund and portfolios

Bank Muscat Private Asset Management is the largest fund manager in Oman and a leading player in the GCC with asset under management of over $2.1bn. This dominant position is a testament to the consistent performance of funds and portfolios under its mandate.

The asset management division offers clients a wide range of investment solutions in the Middle East and continues to expand its activities in equities, fixed income, real estate, and alternate investments. It offers a variety of funds investing in Oman, the GCC, MENA region and India. Recently, given the market volatility, it has also offered our clients structured products which offer capital guarantees or downside protection.

The majority, 60%, of Bank Muscat's asset management division's assets o which are invested in equity markets, 25% in fixed income and the remaining 15% in real estate and private equities. Bank Muscat Asset management also offers discretionary portfolio management services, targeted to suit diverse clients, including pension funds, sovereign wealth funds, high net worth individuals, corporations and other entities. The Bank Muscat Asset Management maintains its leadership position thanks to its experienced team, research-based decision making process, financial strength, and strong systems and processes. During the past 12 months, despite heightened market volatility due to declining oil prices, its funds have continued to register strong performance versus peers and benchmarks. The flagship fund, the Bank Muscat Oryx Fund, has outperformed its benchmark by 6.9% during the past year. Over the past 5 years, the Oryx Fund has generated an annualised return of 11.7% as compared to the benchmark which is up only 0.6% (annualised) during the same period.

Bank Muscat Asset Management introduced the concept of mutual funds to Oman as well as index investing to the GCC. The division has a fully automated process for portfolio management, trading, compliance monitoring, performance measurement and attribution.

ASSET MANAGER OF THE YEAR – QATAR

QNB

With an AuM of $5bn, QNB has been able to outperform all the markets that it operates in

QNB's dedicated and committed team strives to achieve the best performance in all aspects and offer the widest ranges of investment products which cover various geographies and asset classes, in the local market. It believes its innovation lies within our product development team in addition to its market research capabilities. In constantly monitors the market in terms of financial needs to address those requirements.

During the past 12 months, QNB became the leading asset manager in Qatar with assets under management of approximately $5bn via funds and discretionary mandates. It has successfully been able to outperform all the markets it operates in. In terms of equities in Qatar, the average return is -18.10% compared to our benchmark, QE index, which achieved -20.83% which translates to an outperformance of 2.72%. It regards its major achievement as its ability to achieve above market returns during this time and which in turn achieved high customer satisfaction.

During the past years QNB has introduced a number funds such as the BRICQ Fund (2012), Debt Fund (2013), 100% Protected Capital Structured Note 2 "Qatar Opportunities" (2014), Commodity Fund (2014), open architecture platform providing access to top asset managers in the world (2014) and a 100% Protected Capital Structured Note 3 'Gold linked investment' (2015). The firm's current pipeline includes innovative products such as introducing an investment strategy for MEA (Middle East and Africa) funds. Additionally, it plans to introduce other opportunistic asset classes (equities, fixed income and alternative investments) and geographies to QNB investors.

QNB's funds are innovatively managed to maximise Risk adjusted Return. Overall it has implemented a robust investment process where it focuses on establishing the fundamental drivers for its holdings to establish the stocks intrinsic values. The quality of its fund managers provides its main competitive edge. Eight of its fund managers are professionally certified.

ASSET MANAGER OF THE YEAR – SAUDI ARABIA

Sedco Capital

The Saudi asset manager has achieved success managing high quality real estate assets via direct investments

Sedco Capital manages a large and growing portfolio of real estate assets including land, office, retail, residential, industrial and hotel properties throughout the region as well as the US, Europe and Asia Pacific. It acquires, manage and develops high quality real estate assets through direct investments. Sedco Capital currently manages over 50 real estate investments around the world with total assets under management comparable to leading institutional investors. Few asset managers in the Middle East offer the global investment reach of Sedco Capital. It is the first Saudi based asset management firm to be awarded a mandate to manage MENA and Saudi equities under a UCITS platform.

Global investments are managed in partnership with highly qualified professionals in some of the world's leading real estate asset management organisations. Extensive backup from its in-house research team, reinforced by leading external consultants and advisors supports its real estate team in applying the highest standards of professional due diligence and analysis of investment divestment and development opportunities. The investor base of Sedco Capital is 80% institutional clients. Sedco Capital is also one of very few companies in the region with a dedicated real estate asset management function to ensure NOI enhancement and subsequently value extraction.

All loan structuring and property types are sharia compliant. As an institutional real estate asset manager it manages SAR 4.65bn in real estate assets. The real estate offering is versatile covering private placement funds, separate accounts and syndicated deals. All real estate strategies are offered including core/core plus, value add and opportunistic. Among prominent investments in the past year, Sedco acquired a blue-chip tenanted, new cold storage distribution facility in a prime industrial area in the Greater Brisbane that been purpose-built for a frozen food supplier who will occupy 100% of property for 11.25 years, with expected return of 10% IRR and 8% yield.

ASSET MANAGER OF THE YEAR – UAE

Rasmala Investment Bank

A contrarian innovator in the investment management space, Rasmala has successfully pitched for new business in the UAE

Rasmala is an independent London listed investment management group focused on the growth markets of the GCC. It is regulated by the Financial Conduct Authority (FCA) in the UK and by regulators in the United Arab Emirates (UAE), Egypt and Oman. The aim to develop as a specialist asset management and financing business that offers bespoke solutions to GCC-based clients. It wants to achieve a market-leading position and be an independent champion for the region with a strong alternative product offering. It offers clients tailor-made asset management and financing solutions primarily focused on core markets.

Rasmala invests in companies that offer growth at a reasonable price while being competitive, innovative and efficient in terms of business. The group's long investment experience has taught it that patience is a virtue, so it builds long-term, committed portfolios. Rasmala invests after a rigorous, qualitative fundamental analysis is conducted of each investment and allocation is made through quantitative risk rating system. Its view is that is more profitable to lead than to follow the market and takes a contrarian view.

Rasmala reported its third consecutive year of operating profit before tax in 2015, despite challenging market conditions. It chalked up another year of strong performances from flagship funds. In 2015 it recorded strong inflows into a recently-launched alternative investment strategies of leasing, trade finance and real estate. In total, it received $404m in subscriptions. Other key highlights include the Rasmala GCC Islamic Equity Income Fund coming 2nd at the top of its peer universe and outperformed the index, as did the Rasmala GCC Fixed Income Fund. It successfully pitched for new business in the UAE. Two Dubai-based quasi-sovereign institutions appointed Rasmala as investment manager. It acted as lead arranger for the successful issuance of the National Bank of Fujairah second tranche of additional tier 1 capital $136m.

BROKER – COUNTRY AWARDS

Trading up

MENA stock markets have been under pressure in the past year, and that has inevitably affected the performances of brokerage houses in the region. IPO activity has been constrained. In the current market environment, it takes dedication and creativity to grow volumes.

Many regional stock markets are already more volatile than some of their emerging market peers. That makes the managing this risk or volatility a key challenge for them. The Awards winners in the broker category have all succeeded in growing volumes and market share, often in difficult circumstances.

Some brokerages have built robust research capabilities, which has given them a competitive edge. Qatar's QNB FS for example has positioning itself as a knowledge leader, its research team has provided coverage of around 20 companies listed on the Qatar exchange. In Oman, EFG-Hermes Oman has the support of a large and dedicated research division that provides thorough fundamental analysis and includes equity coverage of more than 13 listed companies on the MSM.

Some of the award winners have prospered by managing private placements. Lebanon's MedSecurities has been recognised as an innovator in complex transactions for both equity and debt placement. Some of the award winners have cross-border ambitions. EFG Hermes, also a winner in Egypt, is in the process to transform itself over the coming two years into a 'frontier house' by expanding into a number of new markets, which offer great potential for increased cross-selling activities.

Strong corporate governance standards are viewed as providing some MENA brokers with a cutting edge. Jordan's AB Invest for example is committed to pursuing the highest levels of transparency and disclosure in day-to-day operations, as well as when communicating with clients.

BROKER OF THE YEAR – EGYPT

EFG Hermes

The Egyptian giant has had an active year, with some heavyweight IPO listings that have helped revive the local exchange

EFG Hermes Egypt can claim to be the leading brokerage firm on the EGX with a dominant market share and rankings that reflect its strong positioning in terms of market and client accessibility across consecutive years. Activity in the local market has been brisk over the past year.

The EFG Hermes Egypt Brokerage platform successfully executed 3 initial public offerings (IPOs) during the year. During June 2015, the firm executed Emaar Misr IPO, which was worth EGP 2.3bn and was covered 37 times. During Q1 2016, the firm executed the IPO in Arabian Food Industries Co (Domty), worth EGP 1.1bn and was covered 6 times – the first Egyptian IPO in nine months. It followed this up in May 2016, executing the Cleopatra Hospital Co. IPO worth EGP 360m and which was oversubscribed 10 times.

EFG Hermes is in the process to transform itself over the coming two years into a 'frontier house' by expanding into a number of new markets, which offer great potential for increased cross-selling activities. Alongside the successfully executed three IPOs on the EGX, EFG Hermes also undertook an IPO on the London Stock Exchange during the year. EFG Hermes arranged the IPO of Integrated Diagnostics Holdings (IDH), resulting in the first primary listing of an Egyptian healthcare business on the London bourse, worth $290m. This was 11.2 times oversubscribed.

EFG Hermes Egypt maintained its number one rank (excluding special transactions) for full-year 2015, and into Q1 2016 with a market share of 33% for FY 2015 and 35% for Q1 2016. It captured over 45% of the foreign flow in the market during Q1 2015 and around 13% of the retail business in the market and over 25% of the foreign flow in the market during FY 2015. It boasts a resilient client base with in excess of 45,000 clients.

BROKER OF THE YEAR – JORDAN

AB Invest

The Amman-based brokerage has a commitment to high levels of transparency and disclosure

Established in 1996, AB Invest is a leading brokerage company in the Jordanian market, maintaining a high market share through its adherence to superior execution, transparency, and adherence to the highest code of ethics.

The company continues to offer investors a compelling value proposition through its breadth of offering and a client-centered focus. AB Invest is a subsidiary of the Arab Bank. It is well recognised for its timely and transparent information dissemination.

Besides trading in the Amman Stock Exchange, AB Invest covers GCC markets and all regional markets (including Palestine) as well as International markets. It is a dedicated broker for high net worth clients, having a trading room with market watch screen for clients. It grants commission discount for high block trades (in accordance with the regulator) and confirms executions through phone, E-mail, or SMS with regular market updates.

AB Invest distinguishes with the highest levels of transparency, disclosure, integrity and prudence applied in day-to-day operations, as well as when communicating with clients. Its belief is that its core values of integrity, prudence and ethical practice will remain the main ingredient to its competitive edge, thus ensuring the sustainability of its leading industry position in Jordan and the MENA as a whole.

AB Invest's brokerage offering is complemented by its position as the Hashemite kingdom's largest private asset manager in terms of third party assets under management. It offers not only discretionary customised portfolio management investment solutions, but has also launched a series of MENA-focused funds, conventional and sharia-compliant.

The flagship Arab Bank MENA Fund and IIAB Islamic MENA Fund are the oldest funds in the region and boast consistently outperforming track records of around eight and 11 years respectively. Overall AuM has already grown 15% in 2016, despite tough market conditions, and it expects to achieve a 25% growth by year-end.

BROKER OF THE YEAR – KUWAIT

EFG Hermes

EFG Hermes has sought to raise the bar among Kuwaiti brokerage houses

EFG Hermes IFA – the brokerage arm of EFG Hermes in Kuwait – boasts a client base that has grown to around 27,000 clients. The firm caters to a wide array of clients including retail, VIP, high net worth clients, local and regional institutions as well as foreign institutional investors.

As part of EFG Hermes Kuwait's services to its client base, it grants unique corporate access to senior and executive management teams of publicly listed equities on the Kuwait Stock Exchange. Part of reaching out towards facilitating investor familiarity with corporate Kuwait is also arranging investor mission trips to the country, promoting a business-friendly climate in Kuwait. EFG Hermes Brokerage Kuwait continues to play a pivotal role in raising the bar among the 14 licenced brokerage companies on the KSE offering international standard brokerage services.

EFG Hermes IFA has a state of the art in-house brokerage system which has shown significant value added to its clients across timely executions and reporting tools as well as reliability. The firm has also introduced its professional smart trading platform, which has also reflected on the firm's new client acquisition numbers and customer trading satisfaction.

It has been able to capitalise on its long-term presence in the market and its unrivalled experience in facilitating transactions and market know-how. The firm achieved a market share of 27.2% of the daily trading volumes on the exchange for full-year 2015 and a market share of 25.07% for Q1 2016.

EFG Hermes IFA has also captured most of the foreign institutional flow in the market since 2011 and remains the preferred broker for foreign institutional investors, maintaining the highest share of foreign institutional flow in the market, and capturing over 65% of the foreign institutional volume in 2015 and Q1 2016.

BROKER OF THE YEAR – LEBANON

MedSecurities Investment

The Beirut-based broker has burnished its reputation as an innovator and market leader in complex transactions

Targeting both the local market and the GCC through offices located in Beirut and Dubai, MedSecurities Investment offers a wide range of investment and brokerage solutions customised to each market. It provides its clientele with access to a wide range of financial instruments including equities, fixed income, funds and derivatives, as well as over-the-counter securities and private placements in local, regional and international markets. Its products are structured to address the evolving needs of a growing local and regional investor-base in light of global changes in the financial landscape.

MedSecurities' strong technical expertise, effective business development, and successful placements have given it an advantage to acting as a one-stop-shop for existing and potential clients, delivering professional financial advisory and investment services.

MedSecurities will continue to strengthen its position, allowing it to provide its services on a wider scope. Recognised as an innovator and market leader in complex transactions for both equity and debt placement, the past year has been characterised by strong performance with the execution of private placements, acting as an arrangement placement agent for corporates, private equity and venture capitalists.

MedSecurities Dubai is meanwhile positioning itself as a regional niche player by covering deals related to the sports and tech sectors. These sectors have significant addressable market of Arab youth. MedSecurities successfully raised $25m in equity financing for a digital security printing provider in the MENA region through a private placement. This forms part of a $35m total size. The purpose of the funding was to strengthen the company's financial position and capital structure to support future growth. It also acted as advisory and placement agent to raise $20m for an Arabic sports website with over 18 million users. It additionally raised $4m for a digital fan engagement platform company addressing a sports and entertainment audience.

BROKER OF THE YEAR – OMAN

EFG Hermes Oman

EFG Hermes' Muscat-based operation has captured a significant slice of foreign investor flows to the market

EFG Hermes Oman has maintained its position as the leading brokerage house on Muscat Securities Exchange, with unrivaled experience in facilitating transactions and providing trading executions. The firm achieved a market share of 21.68% of the daily trading volumes on the exchange for 2015 and grew this to a market share of 30% for Q1 2016. Additionally, the firm had maintained and improved its position in being the foreign investors' gateway in Oman, capturing over 44% of the foreign investor flow in the market in Q1 2016, up from 30% during 2015.

EFG Hermes Oman offers a wide spectrum of services to its clients, including margin trading and a sophisticated online trading platform as well as a professional state-of-the-art smart trading system. The firm's comprehensive compliance, risk and control systems have facilitated the rolling over of the firm's in-house brokerage system with distinct front, middle and back offices that continue to drive business growth to clients via timely executions, prompt reporting measures and credible reference schemes. EFG-Hermes Oman has the support of a large and dedicated research division that provides thorough fundamental analysis and includes equity coverage of more than 13 listed companies on the Muscat Securities Market (MSM); this is in addition to sector analysis, economics reports and strategy reports.

The firm's client base expanded considerably over the year reaching more than 6,000 investors and adding more than 500 clients by the end of 2015. This includes retail, VIP, high net worth, local institutions as well as regional and foreign investors. Part of EFG Hermes Oman's service is the unique corporate access to senior and executive management teams of publicly listed companies on the MSM. EFG Hermes Oman continues to play a pivotal role in raising the bar among licensed brokerage companies on the Muscat bourse offering international standard brokerage services.

BROKER OF THE YEAR – PALESTINE

Al Wasata Securities

Still leading the field in its home market, Al Wasata Securities goes from strength to strength

Al Wasata Securities achieved the top spot for trading values on the Palestine Exchange in 2015, with its market share reaching a little over a fifth (22%) of the total traded. In fact, the company has held this leading position for eight years in a row, from the time it was originally established. It has matched this feat for new investor acquisition too, where it currently enjoys just under a third (30%) in the market share for new investors.

The total value of shares traded by Al-Wasata, up to the end of the second quarter, was around $180m on the Palestine Exchange and other regional markets, putting it firmly ahead of the other eight brokerage companies in the country. It also has around $460m worth of shares currently under management.

The experienced team at Al-Wasata operates from three locations – Ramallah, Gaza, and Khan Younis – and has plans to open other brokerage opportunities across the Bank of Palestine's wide network of clients, which will give it access to most of Palestine's urban and rural areas. It has also put a lot of effort into educating the public about investment opportunities in Palestine, largely through awareness-raising workshops, especially in the Nablus and Jenin areas of the West Bank. These have primarily focused on attracting women and young people.

Since technology is widespread across the West Bank and Gaza, the company has been able to engage with its target market via Facebook as well. As a consequence, its take-up in new shareholders from women and young people has increased, albeit on a much lower scale than some of its major clients.

While the company has enjoyed success, it is keen to emphasise the importance of its commitment to good customer relations and to practising ethically over its ongoing success in its year-on-year financial results.

BROKER OF THE YEAR – QATAR

QNB FS

QNB FS is positioning itself as a key player in developing the Qatari market

QNB FS is the preferred broker for foreign institutional investors and has a significant share of their flows on the Qatar Exchange (QE).

The company had a successful year in 2015 and its performance has since been bolstered further during 2016. It remains a top-two broker in the QE, with a year to-date market share of 12.4%.

QNB FS is positioning itself as a knowledge leader in the Qatari brokerage industry, partly by providing key data and analysis on Qatar for the investment community. In addition, it is highlighting investment options to local individuals and corporate investors that seek to diversify their portfolio outside Qatar. Longer term, the company is keen to play an ongoing role in the development of the Qatari market itself.

QNB FS has wide-ranging trading and execution capabilities. Its institutional equity sales and execution traders have many years' experience in local, regional and global markets and only trade on behalf of its clients. Furthermore, it provides efficient execution of large blocks of stock or thinly traded securities.

Its volume-based and price-based trading strategies are configured so as to achieve best execution. There are omnibus accounts for foreign and domestic entities, where offered in the region. This is aided by the capability of being able to trade multiple markets in multiple currencies.

Some of the company's key achievements include conducting more than 100 meetings with listed companies and unlisted economically important institutions, hosting quarterly earnings calls for major listed Qatari companies, while its research team has provided coverage of around 20 companies listed on the Qatar exchange, in addition to producing periodic reports on the banking sector.

Some of this key research is possible because QNB FS has close and long established relationships with key institutions. Furthermore, it is the only broker that covers Qatari equities from Qatar.

BROKER OF THE YEAR – SAUDI ARABIA

Al Rajhi Capital

The brokerage is dedicated to delivering best in class products, and is the first Saudi authorised person equipped with advanced global execution systems

Al Rajhi Capital is a leading Saudi financial services company, which provides its clients with a range of diverse, innovative and sharia compliant financial products and services. As a subsidiary of Al Rajhi Bank, Al Rajhi Capital is one of the leading brokerage houses in the Kingdom of Saudi Arabia, currently ranked number one for the last nine months and with the highest market share of (18.07%) in Q4 2015, and (19.61%) in April 2016.

Al Rajhi Capital's Brokerage Division offers a comprehensive brokerage solution for both retail and institutional investors to facilitate execution services utilising state-of-the-art technology enabling multi-platform stock trading across the GCC/MENA as well as other major international capital markets. It is equipped with state-of-the-art IT systems, interactive and experienced certified brokers who provide the highest level of services enabling investors to optimise the performance of their investment strategies. Among the broad range of high-tech trading channels offered to satisfy the needs of all client segments not only in Saudi Arabia but also in the GCC and international markets is the Brokerage Internet Trading Service.

Al Rajhi Capital is the first Authorised Person in Saudi Arabia to be equipped with one of the most advanced global execution systems for local and international institutional clients. The newly-implemented system stands in a different league than all other institutional systems in the market as it enables the use of order management, algorithm trading, synthetic order placement as well as pre and post trade analysis. Al Rajhi Capital Brokerage is dedicated to deliver best-in-class products and as such it is delighted to highlight the numerous awards, which recognise its commitment and dedication to client service. It is for these reasons that Al Rajhi Capital remains the broker of choice for all kinds of investors, including institutional and high-net worth investors.

BROKER OF THE YEAR – UAE

NBAD Securities

The Abu Dhabi-based brokerage has a strong research offering that enables a breadth of coverage in UAE markets and beyond

NBAD Securities (NBADS) is a pioneer in the UAE Securities market and consistently a top three market share leader. It is also an influential market participant in the development and evolution of markets. NBADS successfully launched Mobile Trading Application on the App Store and very soon will also launch an Android Platform which will make trading very easy for its clients.

NBADS revamped its institutional coverage and market access to encompass the wider MENA markets as part of the offering for institutional customers. NBADS has firmly established and revamped its equity and research offering by depth and breadth of coverage. The research team has expanded coverage to stocks listed on the Tadawul, Qatar Exchange, Kuwait, Oman, Bahrain, and EGX, from stocks listed on the ADX, DFM and NASDAQ Dubai. NBADS's customer base is among the broadest and deepest, encompassing the retail customer, close relationships with the various semi-government entities, and leading local, regional and international institutions. It offers customers exceptional customer service capabilities offering a full spectrum of products including margin trading facilities and advisory services to HNWI and institutional clients. The equity research output from NBADS is distinguished for its impartiality, since NBADS does not manage funds.

Another distinguishing factor is the breadth of coverage in the UAE, and the depth of commentary from the access the research team has to corporate UAE given NBAD's prominence as an Abu Dhabi government owned bank. Few UAE brokers provide equity research coverage in the UAE. Fewer still cover markets outside the UAE. With the revival of the IPO market in the UAE and NBAD's support of its parent in the primary capital market, it is likely the research team will be among the first to take up equity research coverage of companies seeking an official listing on the ADX and DFM.