

# Monthly Factsheet

## Forsa Financial Fund



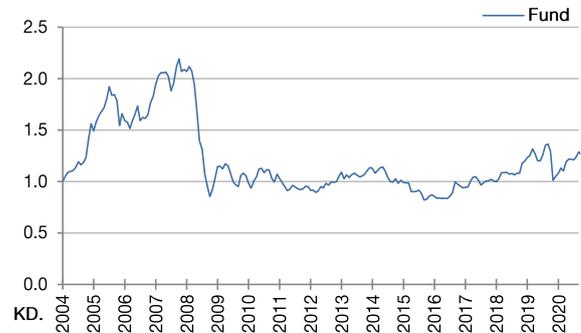
NAV KD 1.254- As of February 28, 2021

**Fund Objective:** The fund aims to achieve stable returns with low volatility by investing in the shares of companies listed on Bursa Kuwait, issuing and selling derivative instruments (Call Options) on Bursa Kuwait listed stocks.

Fund Performance vs. benchmark*	Fund
Total Return (Nov 03 - Dec 04)	16.3%
Total Return (Nov 03 - Dec 06)	62.2%
Total Return (Dec 06 - Dec 09)	-40.4%
Total Return (Dec 09 - Dec 12)	-0.3%
Total Return (Dec 12 - Dec 15)	-8.4%
Total Return (Dec 15 - Dec 18)	20.3%
Total Return (since inception - Dec 20)	24.1%
CAGR Since Inception	1.4%
Volatility (SD) [36 months]	17.58%
Number of Holdings	21

\*Total Return: Net of Fees

Fund price performance Rebased @1 KD since inception\*



### Annual Total Return %

	2004	'05	'06	'07	'08	'09	'10	'11	'12	'13	'14	'15	'16	'17	'18	'19	'20
Fund	16.3	57.9	-11.7	20.3	-45.1	-9.8	15.5	-16.7	3.7	8.2	-4.3	-11.5	0.5	11.2	7.7	27.2	-8.2

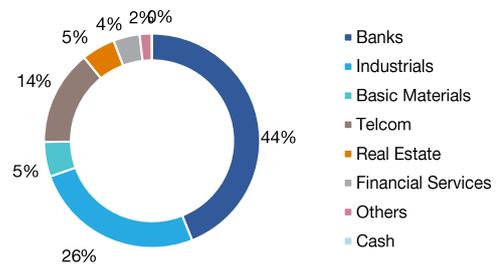
### Key Facts

Net Assets	KD 46.010 Million
NAV per unit	KD 1.25422577
Type	Open-ended
Fund Manager	Kuwait Financial Centre K.P.S.C.
Fund Inception	Nov-2003
Management Fees	1.625% p.a.
Subscription Fees	0.50%
Redemption Fees	0.50%
Minimum Subscription	100 units
Subscription/ Redemption	Monthly
Fund Valuation	Monthly
Custodian	Kuwait Clearing Co.
Auditor	KPMG Safi Al-Mutawa & Partners
ISIN	KW0EQ0903256
Bloomberg	FORSAFF KK
Lipper Code	LP65038181
Zawya Code	KFCFORS.MF
Morning Star SecID	F00000251S

### Top 5 Holdings (60% of NAV)

Mobile Telecommunication Co. (ZAIN)
National Bank of Kuwait
Agility Public Warehousing
Ahli United Bank
Kuwait Finance House

### Sector Allocation



### Market Commentary

Boursa Kuwait All Share index declined in February by 2.24%, to close at 6,801 points. The average trading value was KD 46.38 million, up by 9.78% from the previous month, and the indices in both the Premiere Market fell by 2.38% and the Main Market by 1.83%. Fears of more Covid-19 closures, and expectations during a slow formation of the new government, had a negative impact on the business sentiment. February trading value amounted to KD 835 million, down by 1.20% compared to January (KD 844 million). The banking sector accounted for the largest trading share, followed by the financial services and industrial sectors. The market value of Boursa Kuwait All Share at the end of the month reached 32.9 billion dinars, compared to 33.6 billion dinars in January. Boursa Kuwait market value recorded KD 32.9 billion, compared to January's KD 33.6 billion. Market value incurred a loss of KD 756 million, a month decline of 2.25%. Since the beginning of 2021, KSE general index has gained 1.88%, supported by optimism for the economic recovery and growth during the new year.

Despite the overall decline, the market average increased due to a decrease in sessions during February compared to January. The month's overall market performance was affected by several factors, most notably the following:

The rising wave of gaining profits of many of the stocks that achieved market gains during January, which witnessed large gains that exceeded 4% for all indices.

The 2020 fiscal statements negatively affected the overall market performance, given that most of companies posted either a decrease in profits or losses due to Covid-19 pandemic and its negative repercussions on economic activity most of the year. Therefore, recommendations for cash dividend were shy, the matter which prevented the market to push to the upside trend.

Fitch Ratings has revised its outlook on Kuwait to negative from stable while affirming its rating at AA. The lower outlook is based on the short term liquidity risk associated with reducing assets in the treasury fund (GRF) due to political and institutional gridlock in the absence of parliamentary authorization for the government to borrow. The political divisions in the sovereign have led to delays in passing of the debt law, deficit reduction and fiscal reforms, which would adversely affect the liquidity of the fund and thus impact the government's ability to meet its obliga-

tions. While Fitch believes that the government is capable of replenishing the GRF, it also takes into consideration the associated uncertainty in the timing of a sustainable funding. The fiscal deficit of the nation is likely to remain in double digits in the medium to long term and is expected to widen to 20% of the GDP at KD 6.7bn in FY20 and to 21% of GDP at KD 7.5bn in FY21. Kuwait's fiscal and external metrics are particularly sensitive to changes in oil prices and production.

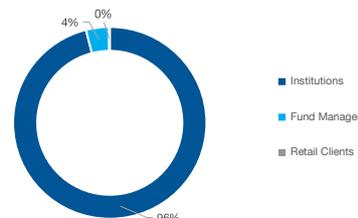
Fitch Ratings revised its outlook on 11 Kuwaiti banks to negative from stable, after downgrading the outlook on the sovereign itself this month. The agency said as "a significant proportion of the banking sector funding is related to the government," the banks would come under pressure if the sovereign itself is "experiencing some form of stress." In February, the ratings agency downgraded its outlook on Kuwait's sovereign debt rating to negative from stable, warning of near-term liquidity risks associated with the state treasury fund. The 11 banks are National Bank of Kuwait, Kuwait Finance House, Burgan Bank, Al Ahli Bank of Kuwait, Boubyan Bank, Gulf Bank, Commercial Bank of Kuwait, Ahli United Bank (Kuwait), Kuwait International Bank, Warba Bank, and Industrial Bank of Kuwait. However, Fitch said Kuwaiti authorities would support the banks if needed and mentioned that the central bank has acted swiftly in the past.

Forecasts for GCC economic recovery in 2021 have been trimmed while expectations for gross domestic product declines last year were mixed in a quarterly Reuters survey of analysts. Economists maintained their views that the region's economic fortunes would turn around this year after it was hammered by the pandemic. But growth forecasts for 2021 were cut for all six countries - to varying degrees - with the UAE, Kuwait and Oman's GDP growth projections scaled back the most. Expected growth in Saudi Arabia and Qatar remained the GCC's highest. Kuwait was expected to grow 2.2% this year, down from the previous poll's projection of 2.6% growth. It was seen having shrunk 7.3% in 2020 and growing 2.7% next year.

### Fund Executive Committee Members

Ghazi Al Osaimi, Ahmed Al Shalfan, Fahad Al Rushaid, Abdullatif Al Nusif

### Fund Shareholders



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For further information on this fund, including but not limited to investment objectives and policies, fees, expenses, risks and other matters of importance to prospective investors, please contact Markaz at +965 2224 8000 or e mail info@markaz.com.