

Monthly Factsheet

Markaz Islamic Fund

NAV KD 2.427 - As of July 31, 2021



Fund Objective: To obtain returns through investments in Islamic Sharia Equities in Boursa Kuwait.

Fund Performance	Fund
Total Return (Oct 03 - Dec 03)	9.3%
Total Return (Oct 03 - Dec 05)	153.5%
Total Return (Dec 05 - Dec 08)	-33.4%
Total Return (Dec 08 - Dec 11)	-14.7%
Total Return (Dec 11 - Dec 14)	10.1%
Total Return (Dec 14 - Dec 17)	-1.3%
Total Return (Dec 17 - Dec 20)	23.6%
Total Return (Oct 03 - Jun 21)	136.9%
CAGR Since Inception	5.1%
Volatility (SD) [36 months]	17.0%
Number of Holdings	15

*Total Return: Net of Fees

Fund price performance Rebased @1 KD since inception*



Annual Total Return %

Fund	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13	'14	'15	'16	'17	'18	'19	'20
Fund	9.3	40.4	65.2	-10.5	34.9	-44.8	-9.5	8.6	-13.2	11.4	4.0	-4.9	-13.6	5.1	8.7	7.8	21.7	-5.7

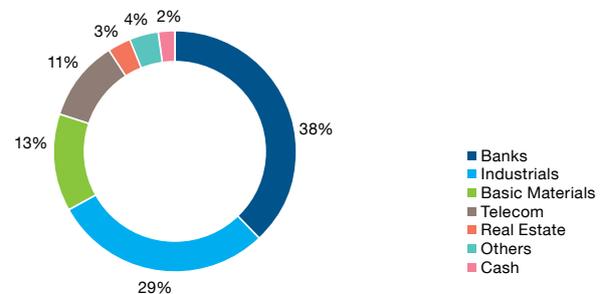
Key Facts

Net Assets	KD 20.126 Million
NAV per unit	KD 2.4272709
Type	Open-ended
Fund Manger	Kuwait Financial Centre K.P.S.C.
Sharia External Auditor	Osol for Shari'a Consultations
Fund Inception	October 2003
Management Fees	1.50% p.a.
Subscription Fees	0.50%
Redemption Fees	0.50%
Minimum Subscription	100 units
Subscription/Redemption	Weekly
Fund Valuation	Weekly
Custodian	Kuwait Clearing Co.
Auditors	RSM Albazie & Co.
ISIN	KW0EQ0903314
Bloomberg	MARISLM KK
Lipper Code	LP65038183
Zawya Code	KFCISLM.MF
Morning Star SecID	F00000251U

Top 5 Holdings (66% of NAV)

Kuwait Finance House
Agility
Boubyan Bank
Mobile Telecommunication Co. (ZAIN)
Boubyan Petrochemical Co.

Sector Allocation



Awards



Winner of four Lipper Fund Awards
2008, 2010, 2011, 2012



"Kuwait Equity Fund of the Year"
Award from MENA FM
2012

Monthly Factsheet (continued)

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Market Commentary

Boursa Kuwait general index increased by 3% during July, bringing the total gains since the beginning of the year to 18.7% (Premier market increased by 3.3%, Main market rose by 2.3%, and Main50 by 3.6%), while the capital value recorded gains of KD 1.17 billion, bringing market capitalization close to KD 39 billion.

Number of business days was limited in July, and liquidity amounted to KD 751 million, compared to KD 1422 million in June. Also, average daily trading value for the month was about KD 47 million, down by 27% compared to June, in which liquidity amounted to KD 64.6 million.

During the month, there was a fluctuation between the desire to secure gains of the first half of the year and the tendency to take profits, amid consequences of reducing Kuwait's credit rating and the disagreement among OPEC Plus members over the decision to increase oil production and its impact on oil prices, while awaiting the financial results of the listed companies during the extended Eid al-Adha holiday, but the market interacted positively with government approval of more openness and the return of normal life, after canceling the decision of closing commercial activities at 8 PM and open all activities, including spas, as of the first of September, as well as the OPEC Plus agreement leading to an increase in oil production in May 2022, along with positive financial results that gave impetus to the market.

Standard & Poor's (S&P) has cut Kuwait's credit rating from AA- to A+ and given it a negative outlook, as evidence piles up over the country's increasingly troubled fiscal position - despite having huge savings. It is the latest in a series of backward steps for the country's credit profile over the past year. S&P pointed to the huge budget deficits the government has been running and the fact that the executive has found it impossible to persuade the National Assembly (parliament) to pass legislation allowing it to issue more debt or give it easier access to the country's substantial long-term savings. In the fiscal year ending March 2021, the central government deficit reached an estimated 33% of gross domestic product (GDP) - higher than that of any other country S&P rates. Higher crude prices should improve the situation this year, as oil accounts for 90% of government revenue. Even so, S&P expects the deficit to average 17% of GDP over 2021-2024. Kuwait needs oil prices to rise to more than \$90 a barrel before revenues will match spending commitments.

S&P lowered the rating of local banks, but indicated that the banks' performance was good during the pandemic period, and the non-performing loans were at 1.5% of the loan portfolio, with a loan coverage rate of 200% and strong capitalization rates. The Governor of the Central Bank

of Kuwait asserted that the downgrading of banks is not due to financial observations over the banks, but rather due to the general downgrading of Kuwait credit rating. He stressed that Kuwaiti banks are in their strongest position and are able to face all shocks according to the worst local, global and sectoral scenarios and without using provisions.

Expectations for Kuwait's 2021 GDP growth were lifted 60 bps to 2.4%, while growth next year was boosted 110 bps to 4.6%. Growth was seen 10 bps higher in 2023 at 3.0%, a quarterly Reuters survey showed.

The Central Bank of Kuwait (CBK) issued a circular to local banks and investment companies regarding the credit facilities they provide to finance trading operations in shares listed on the Kuwait Stock Exchange, including instructions for margin trading financing operations. CBK clarified that if a local bank finances the margin trading service provider, the matter requires its participation in the membership of the risk committee that is formed by the service provider (the investment company) in accordance with the regulations issued by the "Markets Authority". CBK also set the maximum interest rate for all lending operations related to financing the "margin" service at no more than 4% annually above the announced discount rate, whether it is financing for a period of less than or more than one year.

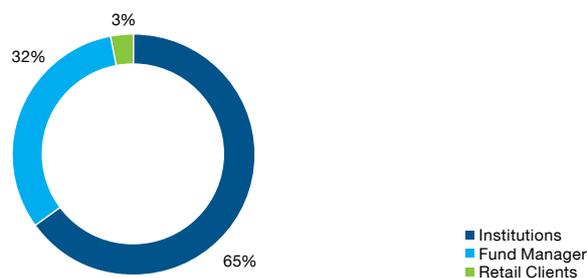
The Central Bank of Kuwait's (CBK) membership in the Bank for International Settlements (BIS) added momentum to Kuwait's weight in global monetary policies and outlining frameworks of monetary stability in the wake of economic turmoils caused by the coronavirus pandemic. In the first addition since 2011, CBK attended BIS annual general meeting in June, making Kuwait the 63rd member thus joining other members to formatting international monetary and banking supervision policies. BIS is affiliated with the Basel Committee on Banking Supervision, which develops global supervision and practices criteria.

The Central Bank of Kuwait (CBK) appointed the global advisor to the American company "McKinsey & Company" to develop the technical and operational frameworks necessary for the establishment of digital banks in Kuwait, which would open the way for new companies to provide financial services, in line with the objectives of the financial sector development program. The sources indicated that McKinsey was asked to build a regulatory framework for the work of digital banks in Kuwait, provided that this includes the main objectives of companies operating in the sector, their role in strengthening the innovation system in financial services, and determining what competition they will create locally, and the added value they will provide. Global digital banking amounted to USD 2890 trillion in 2018, with forecasts to reach USD 5761 trillion by 2027.

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.