

شركة شرق للإستثمار ش.م.ك (مقفلة)  
SHARQ INVESTMENT Co. (K.S.C.C.)



## Company Profile

Sharq Investment Company (SIC) is Kuwaiti Shareholding Company registered in Kuwait in the year 2005 and Licensed under Capital market Authority (CMA).SIC registered location is KBT Tower-37th Floor-Sharq Area, Kuwait City-Kuwait.

### Mission

It is the mission of SIC to add value and to grow our investment portfolio through active strategies, financial engineering and leveraging our corporate brand, business promotion capabilities, network of relationships, and financial resources.

### Vision

Our vision is to be the 'Top in Quality by delivering superior management performance and services from which investors can benefit. It is an integral part of this vision to deliver superior returns to our shareholders and clients year after year, consistent with the pre-defined risk profile and comparable to similar best in class corporations in the world.

SIC has adopted a framework of Corporate Governance guidelines, designed to enable the Company undertake its business in alignment with the interests of its shareholders. It also serves to strengthen the protection of the Company's shareholders, clients, customers, investors and other stakeholders.

SIC specializes in various investment activities independently and also through its fully owned subsidiaries:

- Danat Capital Management & Economic Consulting Company
- Derby Company for Sale & Purchase of Land & Real Estate.

Major activities of SIC are as follows:

- Portfolio Management(Discretionary, Non Discretionary and Custodian Portfolio)
- Equity Investment in Middle East & International market
- Economic/Investment /Real Estate Consultancy(Through its subsidiary)
- Unquoted Brokerage
- Real Estate investment as well as real estate portfolio Management(Through its subsidiary).



SIC is governed by Board of Directors and managed by its key employees. SIC also has control units to monitor and review the controls adopted by the management.

### Board of Directors of Sharq Investment Company's

Board Chairman	Mr. Adel Taher Al Nakas
Board Vice Chairman	Mr. Abdel Maleek Al Awadi
Board Member	Mr. Khaled Awad
Board Member	Mr. Abdullah Al Baghli
Board Member	Mr. Fahad Al Mulla

### Key Management of Sharq Investment Company

Key Employee	Position	Education	Experience
Mr. Khaled Awad	Chief Executive Officer	Master	17
Mr. Ahmed Al-Jeraway	Chief Investment Officer	Bachelor	13
Mr. Abdou Bassiouni	Chief Financial Officer	Bachelor	30
Mr. Hani Abdelhalim	Vice President - Asset Management	Bachelor	14

**Other key positions which supports Sharq Investment Company in having controls and monitors investment of clients and company are:**

Key Employee	Position	Department
Mr. Khaled Al Hadrab	Compliance Manager	Compliance Department
Mr. Sojan Thomas	Risk Officer	Risk Management Department
Mr. Sadaf Chougle	Internal Audit Manager	Internal Audit Department

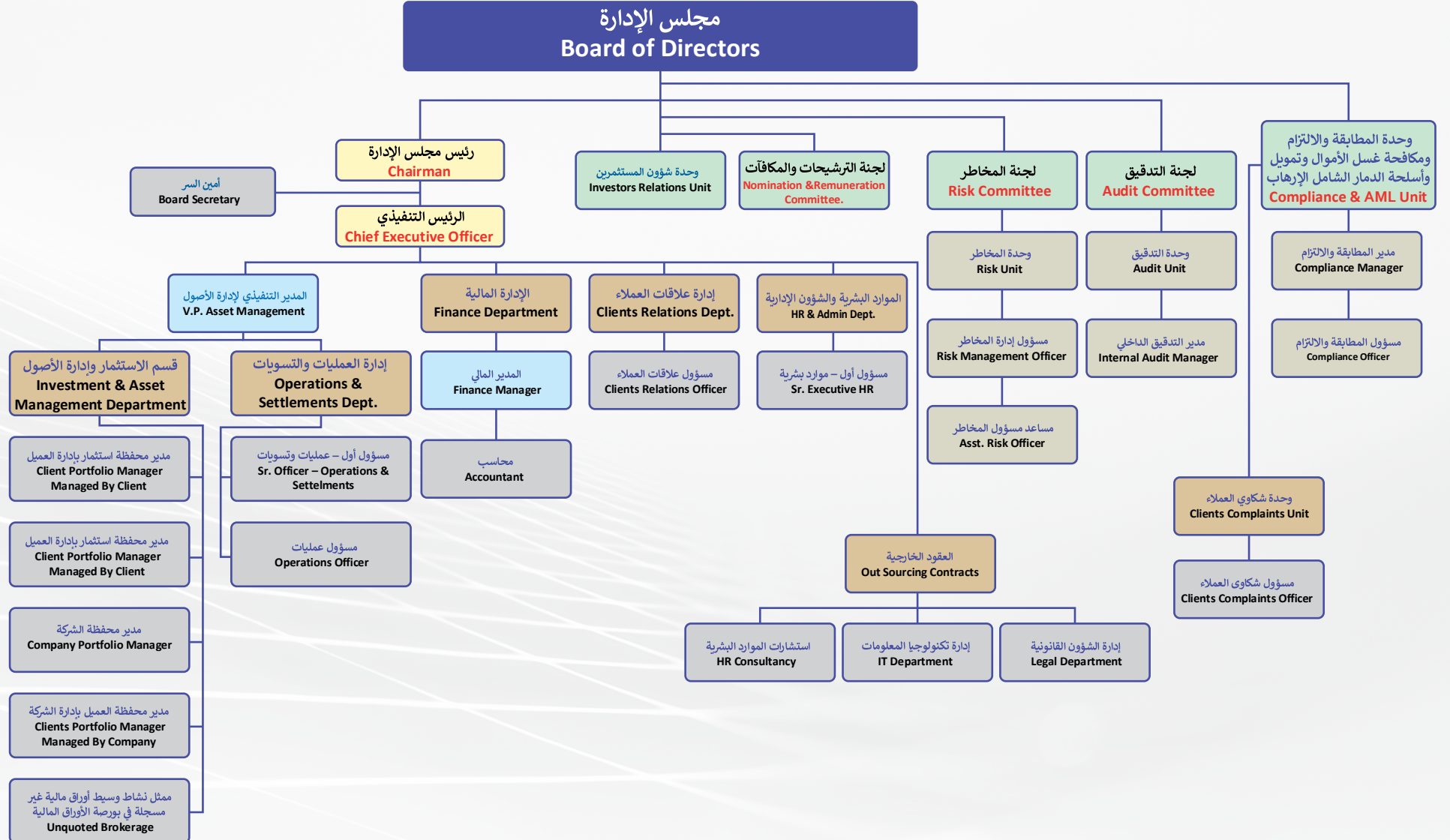
All the 3 positions are independent and reports to their respective committees.

Compliance directly reports to the Board whereas Internal Audit unit reports to its Audit Committee and Risk Officer reports directly to its Risk Committee. Direct reporting to their respective department and board members supports independency of these departments.

**SIC makes investment for company and clients through Asset department which is supported by**

- Operation Department
- Client Relations
- Finance Department
- Human Resource

# الهيكل التنظيمي Organization Chart



### Top 3 Shareholders of SIC as on December 2021 are

	Name	of Ownership %
1	Al Tafawook Holding	42.690 %
2	Zummorodah Holding	12.624 %
3	Al- Oula Fuel Marketing Co.	6.617 %

### Team members & their qualification

Professional Qualifications	No. of Employees	Average Years of Experience
Equity Portfolio Managers	03	15
Regional Research Analysts	01	30
Economist/ Strategists	01	30
Trading	00	00
Operation	03	15
(Other (Legal/ Compliance	01	20
<b>Total</b>	<b>09</b>	<b>-</b>

### Annual revenue for the last 5 years and contribution of each line business

Year	2017	2018	2019	2020	2021
Total revenues	1,215,399	1,845,422	1,762,308	2,038,100	3,419,353
Contribution of					
Management fee	31%	24%	30.6%	25%	21%
Brokerage fee	0.0%	7%	13.0%	18%	5%
Consultancy fees	-	-	-	26%	3%
Income from capital mkt	10%	51%	60.8%	37%	54%
Income from real estate	%-6	12%	-12.3%	-23%	13%
Other income	65%	7%	7.7%	17%	4%

### Contribution of each subsidiary to the total revenue for the year 2020

Name	% Contribution	Revenue
Danat Capital	78%	1,579,827
Derby Real Estate	-16%	(327,400)
SIC	39%	785,673
<b>Total</b>		<b>2,038,100</b>



## **Operational Details:**

### **Auditors:**

Company Auditors: Moore Stephens

Internal Auditors: Grant Thornton

### **Corporate Governance:**

SIC has corporate governance policy which is approved by the Board of Directors. Compliance department is responsible for the review and makes sure that the said policy is abiding as per the regulations set by Capital Market Authority.

### **Business continuity plan**

SIC has both long term and short term business continuity plan which guides management and its key staff during the unforeseen crisis such as pandemic, etc. Business continuity plan is reviewed and approved by the Board of Directors periodically.

### **5 features distinguishing SIC's its investment approach from its competitors.**

1. Limited/ selected clients to give undivided attention to clients.
2. Experienced and well qualified staff.
3. We develop tools and equipment's supporting skilled staff for fast execution.
4. Local staff stays abreast of market developments and culture.
5. Independent Research analyst and Investment Consultant for client's portfolio are on board.

Highlights of SIC business plan for the next five years.

- Focus on sustainable earning for consistent growth.
- Focus on buying quality assets for client portfolio as per their risk appetite.
- Adopt diversification in Income revenue.
- Diversifying Proprietary portfolio.
- Focus on asset allocation to absorb market volatility.
- Expand Client base.



## Flow Chart of managing equity portfolio

Planning	Assessment of risk/return objectives
	Formulation of Investment Policy Statement
	Building macroeconomic forecast
	Asset allocation strategy
	Strategic asset allocation
	Tactical asset allocation
Execution	Portfolio selection
	Portfolio implementation
Feedback	Monitoring and rebalacing
	Performance evaluation

SIC has ranked the following in terms of their importance (5=most important; 1= least important) to the equity decision-making process.

Criteria	Ranking
Economic Forecasts	5
Market Timing	4
Sector Rotation	3
Sector Diversification	2
Technical Analysis	1



Followings best categorizes SIC's overall investment style in terms of a long term strategy: -

	Special Situations
	Small Capitalization Growth Stocks
	Large Capitalization Growth Stocks
	Rotational/ Flexible
	Contrarian/ Book Value Orientation
	Market Timer/ Asset Allocation
	Bottom-Up Stock Selection
	MPT Oriented Active/ Passive
	High Yield/ Defensive
	Theme Orientation
	Small cap – value
	Large cap – value
	(Other (please describe

### Equity Approach and Research

Time spent by portfolio managers is mentioned in the below table:-

	%
Administrative	10%
Client Contact	20%
Marketing	5%
Research	40%
Trading	20%
Others	5%

Process adopted by SIC of ensuring portfolios include an element of dynamism

Through active monitoring of market and individual portfolio companies, SIC continuously rebalance' s portfolios to keep it closer to the client's risks and return objectives.





## Client portfolio in brief

### Top 10 list of Largest discretionary / non discretionary portfolios

#	Client or Fund Name	Asset KD(Million)	Account Type	Percentage of Local AUM
1	United Medical Services Co.	72.260	Discretionary	19%
2	Al-Tafawoq Holding Co.	49.593	Discretionary	13%
3	Ultra Holding Co.	36.266	Discretionary	9%
4	Alfa Energy Co.	18.093	Discretionary	5%
5	United Medical Services Co.	11.252	Discretionary	3%
6	Al-Tafawoq Holding Co.	10.361	Discretionary	3%
7	Oula Fuel Marketing Co.	10.152	Discretionary	3%
8	Maidan Capital Co.	6.468	Discretionary	2%
9	United National Holding Co.	4.971	Discretionary	1%
10	United Food Industries Group	4.275	Discretionary	1%

#	Client or Fund Name	Asset KD(Million)	Account Type	Percentage of Local AUM
1	Advantage Holding Co.	26.848	Non- Discretionary	7%
2	Al-Qurain Holding Co.	16.207	Non- Discretionary	4%
3	Hampton Int. Real Estate Co.	15.696	Non- Discretionary	4%
4	Al-Burooj Trading Co.	14.356	Non- Discretionary	4%
5	Aswar Al-Mesailah Trading Co.	12.878	Non- Discretionary	3%
6	Al- Zumorroda Holding Co.	10.505	Non- Discretionary	3%
7	Al-Burooj Trading Co.	9.353	Non- Discretionary	2%
8	Mahmoud Haider & Sons Co.	6.213	Non- Discretionary	2%
9	Danat Capital Co.	6.031	Non- Discretionary	2%
10	Seventh Trading Co.	3.568	Non- Discretionary	1%



### Client Break Down of asset class and size of account

Total Assets Under Management								
Size	Equity		Fixed Income		Other		Total	
KD (million)	Qty	KD	Qty	KD	Qty	KD	Qty	KD
Less than 5	70	154	-	-	-	-	70	154
5-10	2	11	-	-	-	-	2	11
10-20	2	23	-	-	-	-	2	23
20-30	4	52	-	-	-	-	4	52
30-50	-	-	-	-	-	-	-	-
50 - 100	2	169	-	-	-	-	2	169
100 - 200	-	-	-	-	-	-	-	-
Over 200	-	-	-	-	-	-	-	-
<b>Total</b>	<b>80</b>	<b>409</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>80</b>	<b>409</b>

### Local Equity Break down by Type and size of account

Local Equity Only						
Size	Fund		Portfolio		Total	
KD (million)	Qty	KD	Qty	KD	Qty	KD
Less than 5	-	-	70	154	70	154
5-10	-	-	2	11	2	11
10-20	-	-	2	23	2	23
20-30	-	-	4	52	4	52
30-50	-	-	-	-	-	-
50 - 100	-	-	2	169	2	169
100 - 200	-	-	-	-	-	-
Over 200	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>80</b>	<b>409</b>	<b>80</b>	<b>409</b>



### Portfolio ratio's relative to a share market index

	All share market index	Average Portfolio
P/E Ratio	20.47x	21.5x
Dividend Yield	3.7%	4.5%
Price/ Book Value	1.7x	1.5x
Capitalization	KD 193 million (Avg.)	KD 1.08 billion (Avg.)
Debt/ Equity	0.64	0.32

### Total number of opened new portfolios / closed portfolio during last 3 years:

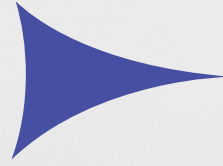
Account	New Portfolio		Closed Portfolio	
	No. of Clients	KD (million)	No. of Clients	KD (million)
2018	3	1.971	2	0.200
2019	8	41.58	3	7.5
2020	20	66.510	-	-

### Total number of institutional Clients as on December 2021

Local Equity ONLY	46
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### Asset Under Management as on December 2021(Amt.in K.D.)

Asset Under Management	390,982,711
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شركة شرق للإستثمار ش.م.ك (مقفلة)  
SHARQ INVESTMENT Co. (K.S.C.C.)

Clients Relations Officer

T: 22916651 / 81

F: 22916787

E: n.madi@Sharqinv.com

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[www.sharqinv.com](http://www.sharqinv.com)

F: 22916787

T: 22916623

Address: KBT Tower - 37th Floor - Sharq Area, Kuwait City - Kuwait.