



Discretionary Portfolio Management

2016

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Our DPM Service

Our goal is to achieve Shariah compliant investment returns that are higher than the benchmark

Why Have a DPM?

- Building your portfolio takes a lot of time, effort and expertise. In today's markets a successful investment requires more time and experience than ever before
- Hiring a private team of investors for your own portfolio is expensive and difficult
- Creating a DPM is the surest way to achieve your investment goals and personal requirements
- We make things simpler for you: All you have to do is monitor the progress of your portfolio while we formulate it and actively manage it in line with your goals
- Giving us discretionary management over your portfolio allows us to take quick and proper decisions in time to maximize returns
- We provide this service based on our experience asset management and our understanding of the economy, the different industries in addition to market movements
- The DPM service is designed to provided consistently high returns supported by our risk management technics

Our Goals

To maximize portfolio returns through a mixed style of long term and short term investments and active management of portfolio components

Achieve an outstanding long term performance by choosing an experienced and qualified team that can add value to the clients through active risk management

Our Advantage

**Regular analysis and investment ideas that empower you
to make the right choice**

**Timely reports that keep you up to date with the
performance of your portfolio**

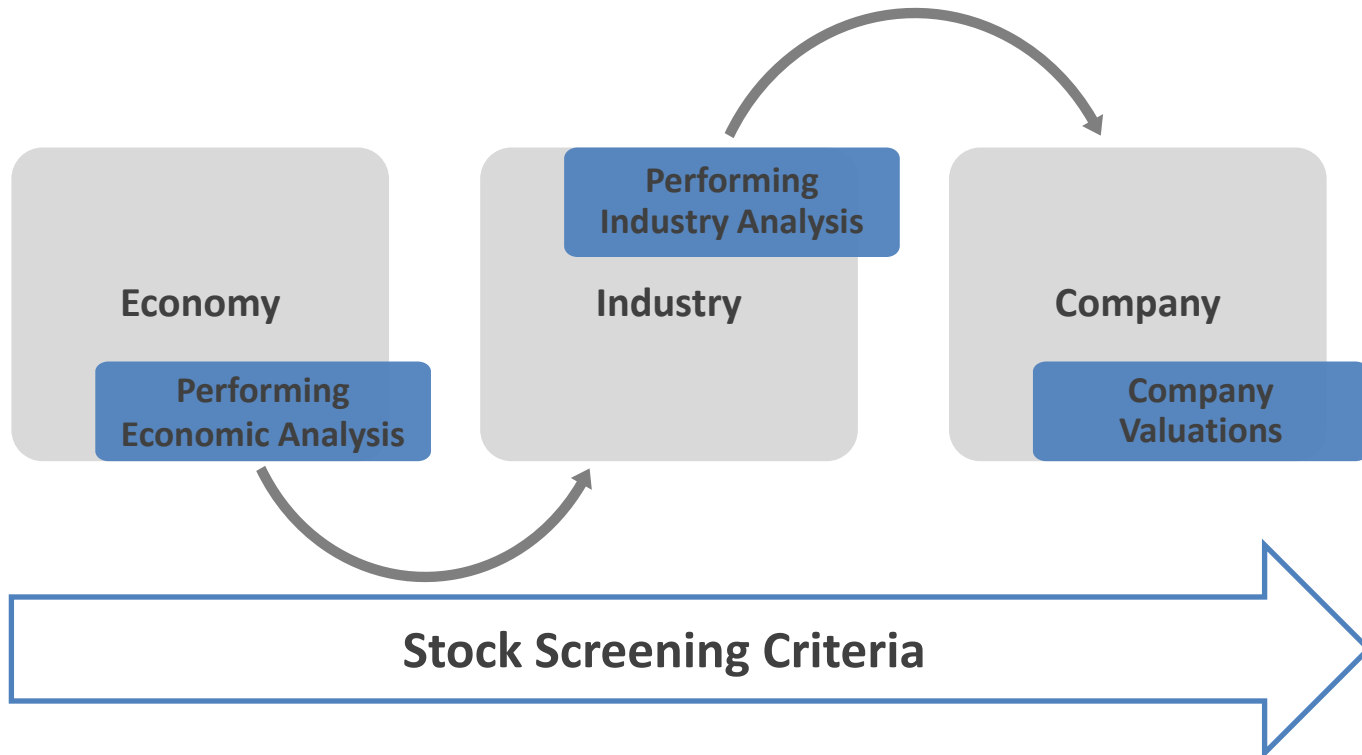
**We opt for a limited clientele base that provides you with
the service you deserve**

Investment Strategy

Our investment strategy is based on the following parameters:

- Medium and long-term investment perspective
- Emphasis on companies with strong financial figures and cash flow, experienced management and superior growth prospects.
- Top down strategy: Screening mechanism for equities selection backed by a detailed research on :
 - Economy
 - Sectors
 - Companies
- Active management by taking all aspects into consideration such as:
 - Liquidity of individual stocks
 - Market capitalization of stocks
 - Total market capitalization
 - Market volume

Investment Strategy (Cont'd)





Investing in the Saudi Market

A regulated market and a strong economy

Saudi Stock Market

Key Facts

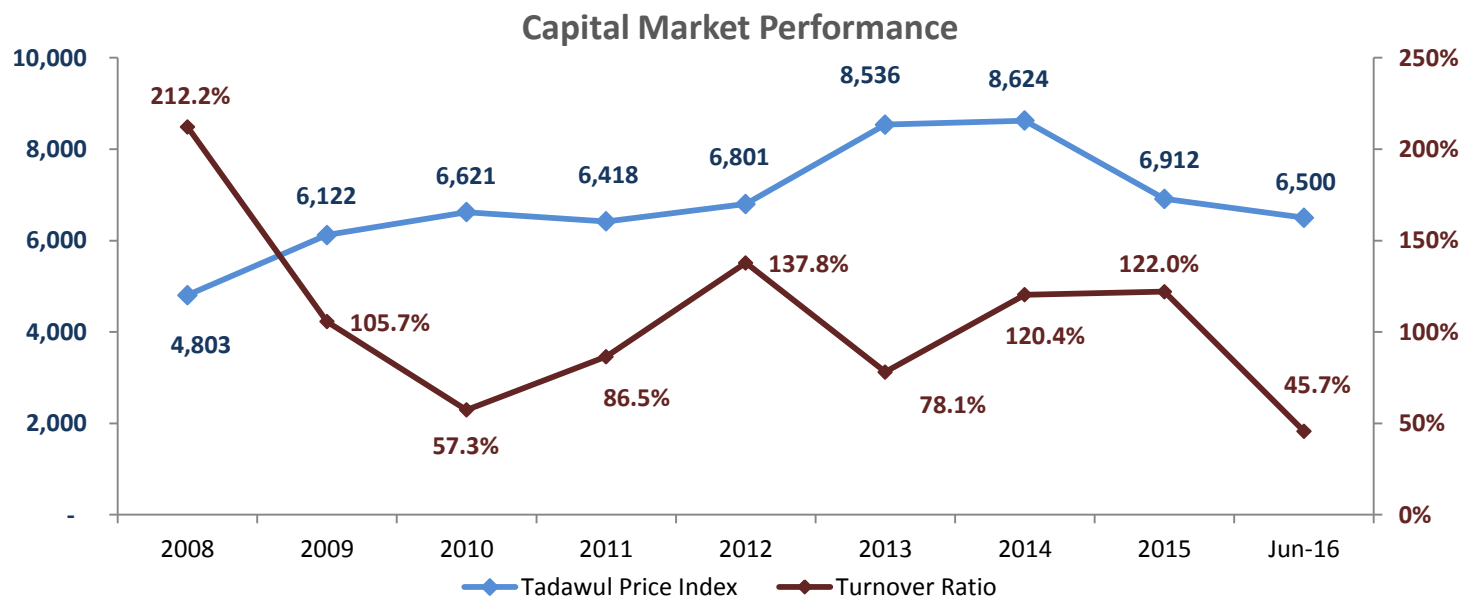
- The Saudi Stock Exchange was founded in 1984
- “Tadawal” is a benchmark index of 175 largest Companies
- Highly organized and regulated by Capital Market Authority
- The Biggest stock market in the MENA region
- Size of the market has reached US \$401.2 billion

CAPITAL MARKET INDICATORS	2010	2011	2012	2013	2014	2015	June-16
Market Capitalization (US\$ Billion)	353.3	338.9	373.3	467.5	483.4	421.1	401.2
Market Cap/GDP	67.1%	50.6%	50.9%	62.7%	63.6%	64.4%	62.2%
Trading value (US\$ billion)	202.4	293.0	514.5	365.2	572.4	415.1	183.5
Number of transactions (million)	19.5	25.6	42.1	29.0	35.8	28.1	16.0
No. of listed Companies	145	150	158	162	168	171	175
% Chg. in share price index	8.2%	-3.1%	6.0%	25.5%	-2.4%	-13.1%	-6.0%
P/E ratio	15.2x	12.3x	12.9x	15.2x	14.6x	13.8x	12.8x
P/BV ratio	2.1x	1.8x	1.8x	2.2x	1.9x	1.7x	1.5x

Saudi Stock Market

Valuation:

The market is currently trading at a trailing twelve month P/E of 12.8x and P/BV of 1.5x compared to GCC averages of 13.6x and 1.4x respectively. In our opinion several factors including resilient business confidence, economic strength, continued activity in the projects, market efficiency and market depth demand these multiples



KSA Economic Outlook

- We expect real GDP growth of 2.5 percent in 2016 with non-oil sector GDP is expected to grow at a moderate rate of 4.0 percent and a gradual pickup thereafter. However, it will not suffice to offset the lack of growth in the oil sector
- The government continues its strong efforts to diversify the economy away from its reliance on the oil sector. In an attempt to do so the kingdom has approved National Transformation Program (NTP 2020) which branches directly from recently unveiled vision 2030, according to which Saudi Arabia will be made an investment return based economy
- Assuming average oil price of US \$45 per barrel, for 2016, the government budget estimates total revenue at SAR578 billion and total expenditure at SAR840 billion, thus projecting a budget deficit of SAR262 billion
- We have seen oil prices rise recently following lows seen early this year. Part of this recovery has been due to historic and anticipated declines in US unconventional oil. We expect oil prices to find support at the current level in the near-term with persistent improvement thereafter. However, shift in the equilibrium level of oil prices may result in: renewed hedging, debt restructuring and the bringing on-line of drilled uncompleted wells (DUCs)

Our Team

We care about you and we strive to achieve your goals

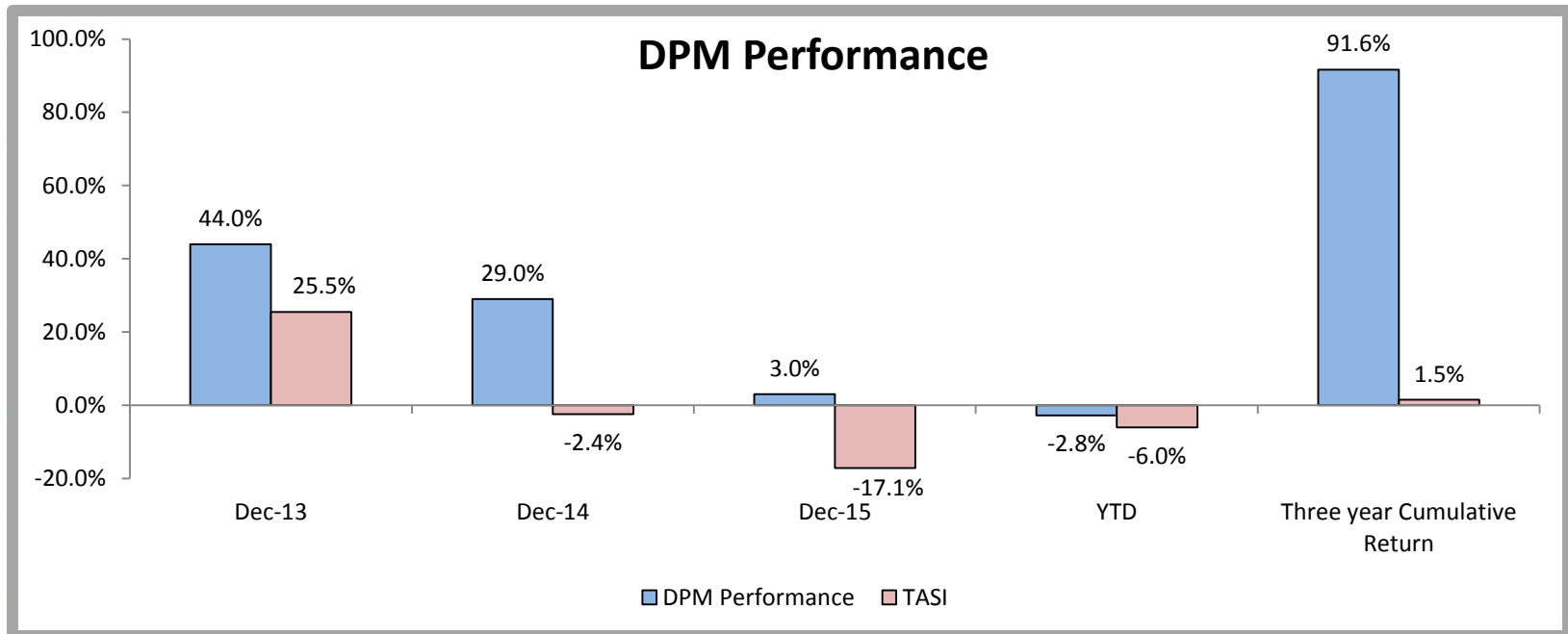
Arbah's Team



- **Dr. Hasan Al-Masri – Chief Executive Officer**
Dr. Hasan has professional knowledge in global capital markets, due diligence skills, corporate valuations, and asset management.
- **Mr. Zain Ashfaq –Asset Manager**
Mr. Zain has joined Arbah Capital in 2014, he possesses 7 years of professional work experience in investment recommendation, financial analysis, portfolio management and financial reporting. He is a certified member of CFA institution USA and Association of Certified Chartered Accountants (ACCA), UK.
- **Mr. Yahya Al-Zahrani – Mutual Fund Manager**
Mr. Yahya joined Arbah Capital in 2009 . In addition to in-depth understanding of Saudi market he also has obtained several professional certificates in investment banking.
- **Mr. Haque Nawaz – Financial Analyst**
Mr. Haque Nawaz joined Arbah Capital in 2014, he possesses almost five years experience in the fields of audit, financial reporting and financial analysis.
- **Mr. Ahmad Akram Abu Al-Ragheb – Chief Risk Officer**
Chief Risk Officer since he joined the company in 2008, Mr. Ahmad is experienced in risk management in addition to product development, structuring Private Placement Funds, Mutual Funds and Real Estate structured products.
- **Mr. Abdul Aziz Al-Syari – Head of Brokerage**
Mr. Abdul Aziz joined Arbah Capital in 2013 and has over 7 years of experience in investments and Capital Markets. He has attended several courses in brokerage, financial instruments and Islamic financing .

Team Performance

Our cumulative performance for the last three years ending December, 2015 stood at **91.6%** against our benchmark, TASI, which stood at **1.5%**



- On cumulative basis, for the last three-year our average DPM performance outperformed the benchmark by 90.1%.
- **SR 1,000** invested with Arbah Capital on **January 01, 2013** would be worth **SR 1,916** by **December 2015**.

Notes

1. As part of our respect for financial secrecy and ethics we do not divulge the information of our clients.
2. Performance variation between client DPMs is dependent on client instructions, requirements and risk tolerance.

Investment Risks

Investment risks include, **but are not limited** to the following:

- Stock price fluctuation
- Geopolitical risk
- Economic risk
- The risk of a slowdown in global economic growth

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