
Kamco Invest reports a net loss of KWD1.6mn for the first quarter of 2023

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Kamco Invest announced its financial results for the first quarter ended 31 March 2023. The Company reported a net loss of KWD1.6mn (EPS: -4.57 fils) compared to a profit of KWD3.6mn during the same period in 2022 (EPS: 10.53 fils), mainly impacted by unrealized losses on its investment portfolio.

Total revenue for the period stood at KWD2.6mn (Q1 2022: KWD9.2mn), reflecting the impact of market performance and reduced business activity stemming from negative market sentiments, elevated interest rates, rising inflation, and concerns about a potential recession.

During the first quarter, assets under management grew by 2.7% to reach USD14.2bn as of 31 March 2023, thanks to the new money raised in various products during the period. Equity funds and managed portfolios continued to outperform their respective benchmarks. Al-Durrah Islamic Fund continued to be the best performing in the Kuwait Islamic equity funds category whereas Kamco Premier Market Index Fund and Kamco Investment Fund amongst the top performing conventional equity funds raking second and fourth respectively.

The Private Equity team continued to undergo plans to exit legacy assets held by the private equity

funds and work on new initiatives and products. The team is also building transactions pipeline for private equity deals and is evaluating a healthy pipeline of deal flows which resulted in the participation in the Pre-IPO Series C investment round raised by Floward, the go-to online flowers and gifts destination operating in 37 cities in nine countries across MENA and UK.

The Investment Banking team continued to advise their clients with several transactions in the pipeline expected to close during 2023 across Equity Capital Markets, Debt Capital Markets, and Mergers & Acquisitions (M&A). During the quarter, the team successfully acted as Joint Lead Manager on the largest KWD bond issuance in the real estate sector.

First Securities Brokerage Company, Kamco Invest's brokerage arm, continued to strengthen its competitive position and attracted new clients through its online trading platforms. The decrease in liquidity on Boursa Kuwait was reflected in the company's trading value and commission income during the quarter in comparison to Q1-2022.

Regional offices continued to expand their presence in their markets by improving their services and contributing more to the company's core businesses, particularly in asset management. The Company made two significant announcements in Saudi Arabia during the quarter, which included the appointment of a new Chief Executive Officer to spearhead the expansion efforts in the Saudi market, as well as plans to relocate its offices to the prestigious King Abdullah Financial District (KAJD) in Riyadh.

Total assets as of 31 March 2023 stood at KWD129.1mn, whereas shareholders' equity stood at KWD60.8mn. The Company also enjoys a strong financial position and a "BBB" long-term credit rating and "A3" short-term rating with stable outlook by Capital Intelligence in their latest review in May 2022.

Commenting on the results, Faisal Mansour Sarkhou, Chief Executive Officer, said, "Despite the market challenges and negative sentiments we have witnessed since the beginning of the year, we have successfully attracted new clients and expanded our assets under management. In addition, we have distributed dividends for the year 2022, benefiting from our robust financial position. We remain cautiously optimistic as we anticipate an improvement in market sentiments and a gradual recovery in business activities during the latter half of the year."

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