
“Investment Conference 2024” brings together over 600 thought leaders, industry experts and investors

Submitted by Anonymous (not verified) on 14 February 2024

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Kamco Invest and Burgan Bank successfully hosted yesterday the “Investment Conference 2024” under the theme “Global Perspectives: Uncovering Challenges and Opportunities Ahead”. The conference discussed crucial topics spanning the global economy, geopolitics, and various asset classes. More than 600 delegates including thought leaders and industry experts, in addition to institutional and high-net-worth investors from Kuwait and the region attended the conference.

Sarkhou: The collaborative capabilities of Kamco Invest and Burgan Bank will lead to unparalleled benefits for clients

In his capacity as the Chief Executive Officer of Kamco Invest and Vice Chairman of Burgan Bank, Faisal Sarkhou inaugurated the conference during a welcome speech addressed to the audience and participants. Given the various panel discussions and presentations, the conference was positioned at the forefront of innovation and strategic thinking, providing insightful discussions on the dynamic global economy.

Highlighting the exceptional synergy between Kamco Invest and Burgan Bank, Sarkhou emphasized that this collaboration is beyond just a partnership, it is a commitment to excellence and innovation,

with an aim to exceed client expectations.

With an unwavering dedication to creating a financial landscape that surpasses individual strengths, Sarkhou envisioned a future where the collaborative capabilities between Kamco Invest and Burgan Bank would lead to unparalleled benefits for clients. As the conference unfolded, he encouraged attendees to embrace the wealth of knowledge, potential collaborations, and opportunities revealed within the challenges, ultimately paving the way for success in an ever-changing world.

Daher: We are going through transformative changes within the Bank and are dedicated to delivering bespoke investment and banking solutions and personalized services for our clients

Tony Daher, Group Chief Executive Officer of Burgan Bank, delivered a warm welcome message to the attendees followed by highlights regarding some of the transformative changes occurring within the Bank recently. He discussed some of the internal and external initiatives that have been taking place to strengthen the management team, crafting a robust strategic framework, and spotlighting the strategic collaboration with Kamco Invest. In illustrating the Bank's commitment to elevating client experiences, he focused on the strides made in private banking and wealth management.

Daher not only provided insight into the Bank's strategic vision but also unveiled the Bank's new logo for private banking. The logo serves as a testament to Burgan Bank's dedication to delivering bespoke investment and banking solutions to foster a new era of personalized services for its clients. With these initiatives, Burgan Bank reaffirms its promise to lead with innovation, ensuring that its clients' financial aspirations are met with unparalleled expertise and service.

Regional governments to improve the attractiveness of their business environments and their livability to secure investments and talent

Robert Willock, from the Economist Intelligence Unit, spoke about the unique opportunity afforded to the Middle East by geopolitical developments. "As we see an increasing bifurcation between East and West, those countries that are both geographically and politically in the middle have a great chance to bridge the divide. They can and must resist the siren calls to choose sides to enable themselves to take advantage of investment opportunities from both directions."

He added that it is important for regional governments to work hard to improve the attractiveness of their business environments and their livability to secure investment and talent. "There is increasing competition, even among regional allies, for the capital and skills that will unlock the next phases of growth and take advantage of the technological developments that will spur meaningful economic diversification."

Spoke on the challenges in getting private sector involvement, Farouk Bastaki, Independent Board Member at NBK & Mabanee, highlighted the over dependence on oil revenues and higher expenditure that has resulted in deficits for the country. He stressed the importance of rationalising expenses and spoke on the importance of introducing corporate taxes to cover government expenditures and in the process make life better for Kuwaitis and achieve sustainable economic growth.

Kamel Al Harami, Independent Oil Analyst, highlighted the importance of oil and oil products for the Kuwaiti economy and spoke about the new JVs in the sector signed recently. However, he stressed the importance of JVs in the sector within Kuwait and the need for privatisation in the economy. There are several lucrative sectors for privatisation. The country can retain core operations and open non-core for the private sector.

Evolution of regional equity capital markets in the right direction

Faisal AlOthman, Director of Equity and Fixed Income at Kamco Invest, initiated the second panel discussion with a general assessment of regional equity markets. He raised questions regarding the catalysts determined to be drivers of performance for 2024, interest rates outlook and market pricing in expectations of rate cuts, participation of foreign investors in regional capital markets, and the sensitivity of regional markets to geopolitical events occurring in the area.

Ankur Khetawat, Senior Vice President – Equity & Fixed Income at Kamco Invest, responded by noting that, "In 2024, the important drivers of GCC markets will continue to be macro factors like interest rates and oil prices. Additionally, we note that the non-oil GDP growth prospects for GCC countries remain robust, in contrast to other developed economies. Overall economic growth in the region is expected to continue to be supported by stable oil prices and recent expansion plans in both the hydrocarbon and non-hydrocarbon sectors."

In terms of interest rates and the market pricing in the expectations of interest rate cuts this year, possibly three times, and the effects on certain segments of the equity markets regionally, the panel agreed that the Fed rate cut will certainly have a positive impact on regional markets. To some extent, the initial rate increases worked out favorably for the GCC markets as the real interest rates were in negative territory for a long period. However, the aggressive stance of the Fed has put the real interest rates in positive territory, generally impacting the investment environment adversely.

Mazen Alsudairi, Head of Research at Al-Rajhi Capital, added, “If you see the earnings yields and dividend yields of the GCC markets, they are currently near or below the overall bond yields, which has reduced the attractiveness of the markets. Also, as the money is more expensive, it has implications for the cost of equity calculations for the stocks. Finally, there has been a notable increase in the cost of funds for banks, which has impacted the net interest margins in the banking sector.”

On the participation of foreign investors in regional capital markets, Abdulla AlSharekh, Managing Director of Markets and Investment Banking at Kamco Invest, responded, “In 2023, the weight of the GCC region in the MSCI Emerging Markets indices experienced significant growth, increasing from 1.2% in 2017 to approximately 7.1%. This GCC weight to the index is expected to continue, driven by the relaxation of foreign ownership limits and the introduction of new listings.”

He added, “The foreign portfolio investment flows into the GCC region demonstrated positive trends, resulting in net inflows during 2023. Notably, foreign ownership in regional equities surpassed 10%, excluding Saudi Aramco. This favorable momentum is expected to persist, leading to increased listings and the development of new investment products.”

When the panel was asked about the impact of geopolitical events on the sensitivity of regional markets, the panelists acknowledged that markets are not immune to such events, evidenced by an initial sell-off in response to geopolitical tensions. The geopolitical outlook in 2024 presents a complex interplay of opportunities and challenges for the GCC. The region is navigating a global economic slowdown and the ongoing conflict in the Middle East. This is expected to lead to a short-term increase in the equity risk premium for GCC and regional equities. The entire panel agreed that on a positive note, there has been a marked improvement in intra-GCC relations, and the GCC's global standing has also seen a significant uptick, attributable to its significance as a dependable energy supplier. Looking forward, the GCC is poised to further solidify its international position through upcoming events such as the 2024 WTO Ministerial Conference in the UAE, Expo 2030, and potentially the 2034 FIFA World Cup in Saudi Arabia.

Real estate private debt has offered very attractive risk-adjusted returns over the past few

years.

The third panel navigated the dynamic landscape of real estate investments through private debt. The panelists looked back on the past three years and some of the structural changes that have happened, particularly in the way commercial real estate is being utilized by its tenants. High investment activity in the region and attractive investment returns were mentioned as some of the key challenges to international real estate investment. Real estate private debt was highlighted as an investment segment that has offered very attractive risk-adjusted returns over the past two to three years with high global demand for such investment products, evidenced by the amount of capital raised for debt funds in the US and Europe.

The panelists agreed that 2024 and 2025 offer a great opportunity to enter the international real estate investment market – both on the equity and debt side – following a significant correction. However, they emphasized that the opportunities lie within certain sectors, while also relying on investors' agility and deal-structuring abilities.

Borja Diaz-Llanos, Global Head of Alternatives at Santander Asset Management said, "The European real estate market has suffered a drastic shock and transformation over the last few years. It currently offers a very attractive entry point for opportunistic debt providers, and equity investments in certain subsectors."

Marc Feliciano, Global Head of Real Estate, Private Markets at Manulife Investment Management said, "We are riding a wave of debt maturities in a higher rate environment over the next few years while we continue along a path to price and risk discovery. This challenge presents opportunities to extract value through structured debt and equity as existing capital structures that are broken are recapitalized, and acquisitions or developments are capitalized."

Mohammad Al Othman, Executive Director of Alternative Investments at Kamco Invest said, "Although the past few years have been challenging for asset owners, looking forward, we are excited about the investment opportunities we are starting to see in the international commercial real estate markets. We are finding price dislocation for high quality assets in certain markets, and we believe that this window of opportunity will narrow once markets start to correct as interest rates begin a downward trajectory, which we expect them to do later this year."

On the private credit side, due to the high interest rate environment and the withdrawal of some of the traditional lenders, the market has opened for Kamco Invest to deploy capital into a sector that previously was not very attractive in terms of returns given the low interest rates at the time."

Government support, regulatory changes, and the presence of many regional and global venture capital funds have fostered a favorable environment for the growth of startups during the last decade

The last panel discussed the developments the region has witnessed in venture capital and the vast support and interest this sector has gained from governments, investors, and industry pioneers.

Dalal Al Shaye, Senior Vice President - Alternative Investments at Kamco Invest, shared the extensive knowledge the Company has built and the trend of the sector by tracking the startup ecosystem in the MENA region since 2017. Great ideas were backed by great founders and investors in the early stages. The challenges back then were mainly the lack of capital at the growth and late stages to help the companies scale and grow, while having multiple exit opportunities for venture capital investors.

Government support, regulatory changes, and the presence of many regional and global venture capital funds have fostered a favorable environment for the growth of startups during the last decade. In 2015, the number of VC deals was 204, with ventures raising USD 291 million out of these deals, while during the year 2023, the MENA startups raised over USD 2.67 billion through 477 deals, according to venture data research firm MAGNiTT.

Nora Alsarhan, Chief Investment Officer at Saudi Venture Capital (SVC) said, “Witnessing the rise of both visionary founders and astute venture capital investors in the MENA region has been truly remarkable. Their collective ambition and innovation highlight the depth of talent we have in our ecosystem. At SVC, we are dedicated to supporting these trailblazers, the founders who dream big and the fund managers who back those dreams, as they lay the groundwork for a venture capital landscape in the region.”

The panelists agreed that governments have been at the forefront of this transformation, implementing proactive policies and initiatives to foster entrepreneurship and attract capital. The UAE and, more recently, Saudi Arabia have established themselves as regional powerhouses with world-class infrastructure, regulatory frameworks, and incentives for startups and investors alike.

During the last five years, global players have increasingly penetrated the region. We have seen an increasing interest from international investors participating directly in the funding rounds of regional

startups, recognizing the potential of the businesses and their expansion in the region.

Mohammed Jaffar, Managing Partner at Faith Capital said, “Building a startup company or project requires focusing on solving a valuable, yet unsolved problem, while looking at the entire GCC market instead of being limited to the local market only.”

Panelists highlighted the evolution of exit opportunities across the MENA region during the last decade, which have witnessed a shift from the international M&A transactions dominating the exit market. Over the years, we started seeing local acquisitions and consolidations happen as some of the local companies needed to scale and expand. Recently, the local IPO market witnessed successful exits for local businesses both in ADX and Tadawul. Adding to that, several late-stage companies are preparing for listing in the next two to three years with the majority of them focusing on eCommerce, FinTech and Logistics.

Omar Almajdouie, Founding Partner of Raed Ventures said, “Saudi Arabia and the GCC region in general stands at the threshold of a technological revolution, offering a fertile ground for digital transformation across industries. With its strategic investments in innovation and a rapidly evolving startup ecosystem, the region presents unprecedented opportunities for tech entrepreneurs and investors alike. As Saudi Arabia and the GCC countries diversify away from oil, technology and innovation become pivotal in shaping a sustainable, knowledge-based economy.”

Kamco Invest and Burgan Bank thanked all those who participated in and attended the conference, which led to a highly successful turnout. The companies mentioned in a joint statement that the Investment Conference 2024 comes as the first in a series of conferences that will be launched on an annual basis to support Kuwait’s Vision of becoming a globally recognized financial hub. Additionally, the conferences will serve as a platform to share market insights, geopolitical views, and valuable information regarding the investment world across different asset classes.

Media Contacts

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