

GCC Equity Markets: 2020 - The Year That Was...

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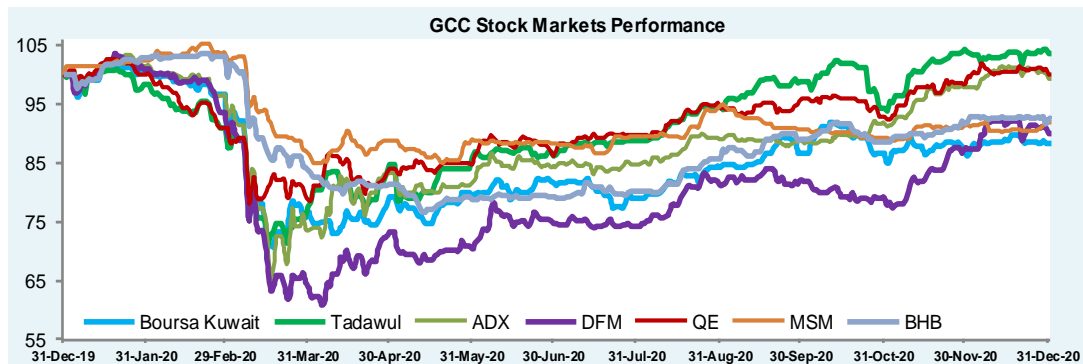
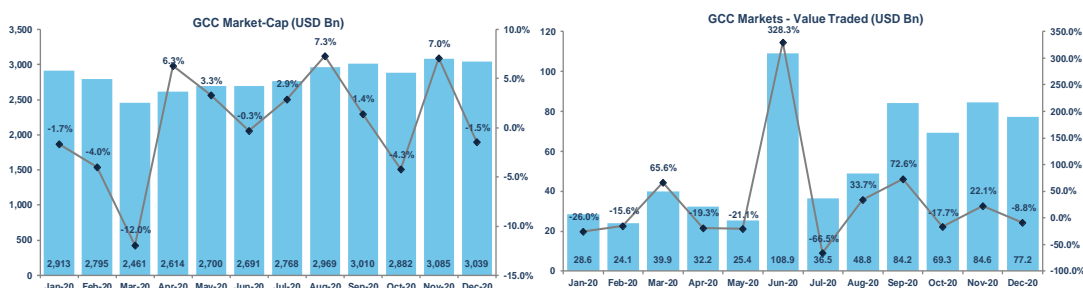
Global markets end 2020 at record highs despite Covid-19...

Key global equity markets especially in North America and Asia posted double digit gains during 2020 despite the significant setback to economic growth and investments from the lockdowns caused by the Covid-19 pandemic. The development of vaccines for Covid-19 further boosted markets towards the end of the year, while markets recovered from the impact of the pandemic, as majority of the lockdowns were lifted during H2-2020. On the other hand, the performance of European markets were affected by the re-emergence of a new strain of virus during December-2020, that led to stricter restrictions in several cities in the region.

The MSCI World index closed the year with a gain of 14.1%, supported primarily by double digit gains from US indices, as well as similar returns from Asian markets including Japan, India and China. In terms of regional performance, the MSCI Asia Pacific Index was up 17.1% during the year, while the MSCI Emerging Market Index ended 2020 with a yearly return of 15.8%. However, global asset class performance for the year remained volatile, highlighting skepticism and investor concerns over a more protracted impact from Covid-19. Gold was the best performing asset class in 2020, with a return of 25.1% and investment grade bonds reported gains of around 9.2%. On the other hand, commodities were the worst performing asset class with a decline of 23.7%, mainly due to the 21.5% decline in crude oil prices. Real Estate also suffered, with the associated REIT index down by 11.3% reflecting the impact due to Covid-19.

The performance of GCC markets remained mixed during the year. Almost all the markets remained in the red for the bulk of the year especially led by the impact of Covid-19 and the decline in crude oil prices on markets since March-2020. However, by year end, 2 out of 7 exchanges closed in the green led by gradual gains post the decline in Q1-2020.

GCC Equity Markets	Index Closing	2020 Chg%	M-Cap (USD Bn)	2020 Val Traded (USD M n)	P/E (x) TTM	P/B (x) TTM	Div. Yield
Kuwait - Premier Market Ind	6,051.1	(13.3%)	109.2	35,596.4	35.4	1.4	3.5%
Kuwait - Main Market Index	4,552.4	(7.3%)					
Kuwait - All Share Index	5,546.0	(11.7%)					
Saudi Arabia	8,689.5	3.6%	2,427.0	556,446.8	34.8	2.1	2.4%
Abu Dhabi	5,045.3	(0.6%)	204.1	19,341.6	20.6	1.4	4.8%
Dubai	2,492.0	(9.9%)	91.8	17,718.4	11.6	0.9	3.9%
Qatar	10,436.0	0.1%	165.4	29,054.2	17.8	1.5	3.8%
Bahrain	1,489.8	(7.5%)	24.9	592.1	14.5	1.0	4.5%
Oman	3,658.8	(8.1%)	16.7	1,040.8	11.0	0.7	6.9%
Total GCC			3,039.1	659,790.3	29.5	1.8	2.8%



Source: GCC Stock Exchanges, Kamco Invest Research

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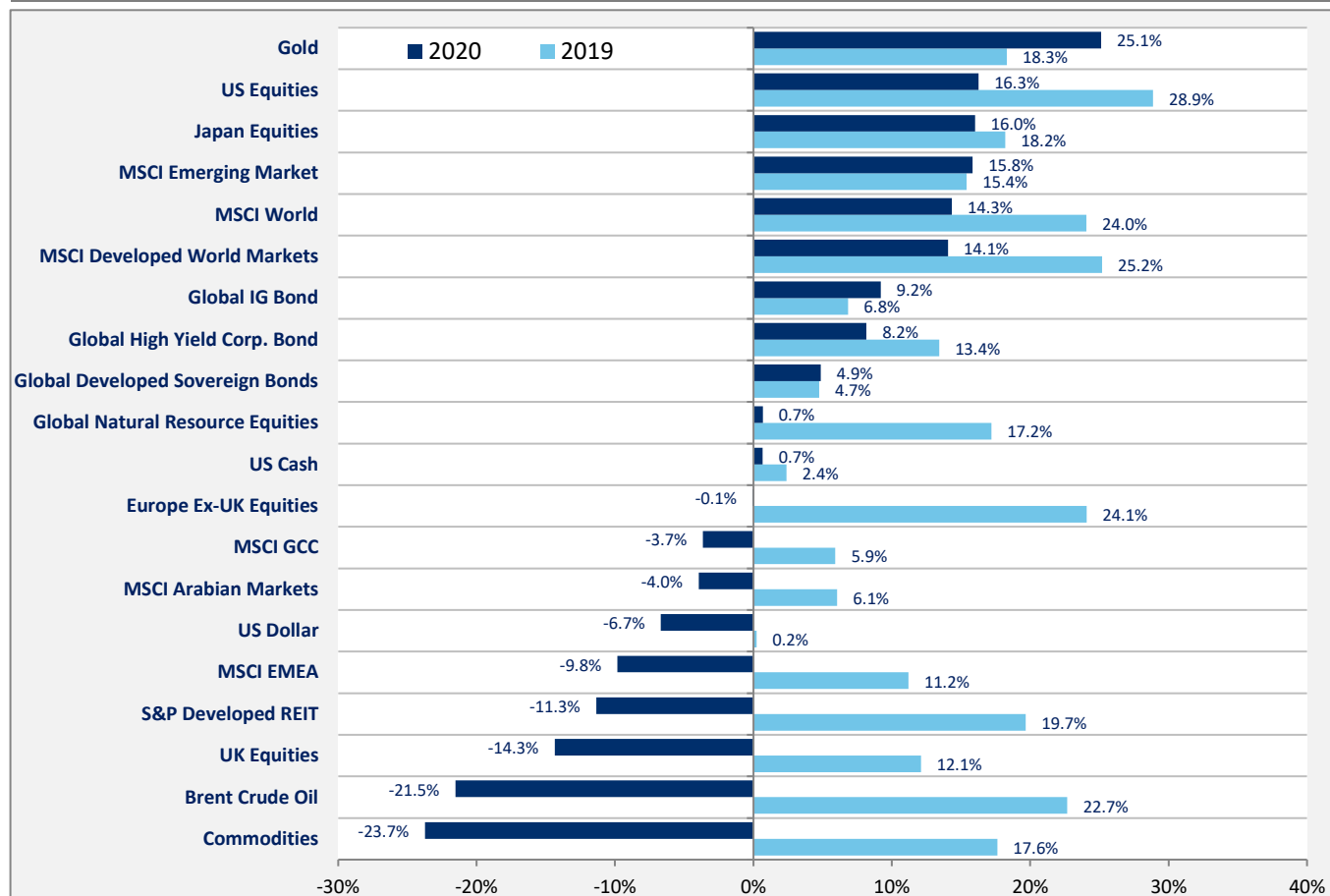
Global Market Performance

Europe partially dents globally rally supported by US and Asian markets...

Global equity markets closed 2020 at a record high, despite a decline in European markets, that partially affected the gains seen in Asian exchanges. The MSCI World Index closed the year with a gain of 14.1%, rallying 67.9% from the lows of March - 2020, as markets plunged from the impact of Covid-19. The global index showed consistent gains during the last three quarters of the year that more than offset the 21.4% decline during Q1-2020. Gains came mainly from US markets with the S&P 500 Index up 16.3% and the MSCI North America index up by 18.4% during the year. Asia Pacific markets were also up with the corresponding MSCI index up by 17.1% during the year. Almost all the key markets in the Asia Pacific region reported double digit gains and closed at or near record highs. Both China and India's frontline benchmarks were up by 13.9% and 15.8% respectively, whereas Japan closed the year with a gain of 16.0%. The performance of China and India drove the MSCI Emerging Market index higher, that closed the year with a gain of 15.8%.

The year started with positive news related to US-China relations, with the announcement of the new pact between the two trading partners. However, tensions once again ramped up towards the end of the year including the US barring few Chinese companies from trading on US exchanges, following which the NYSE said it would delist three Chinese companies namely China Mobile, China Telecom and China Unicom HK Ltd. China also reacted with the introduction of a new export control law.

Global Asset Class Performance - 2020 vs. 2019



Source: Bloomberg, Kamco Invest Research

Meanwhile, after seeing some success in controlling the spread of Covid-19 cases, new cases once again started increasing towards the end of the year resulting in new lockdowns. The year closed with a week of record high deaths, while cases in the US reached 20 million, almost twice the number of cases in the second ranked country by cases i.e. India. Uncertainty continues to remain for the near term but the development of the vaccine by several pharmaceutical companies comforted investor concerns. The year closed with as much as 10.3 million vaccine shots in 29 countries. And as such, pharma companies that were at the forefront of vaccine development benefited from the optimism. The pandemic benefited healthcare-related stocks and the entire health industry value chain. In addition, tech stocks that enabled the new working culture were investors favorite during the year.

GCC Market Performance - 2020

GCC Historical Performance	Index	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Kuwait	All Share Index	N/A	N/A	N/A	N/A	N/A	2.3%	5.6%	5.2%	23.7%	-11.7%
Saudi Arabia	TASI	-3.1%	6.0%	25.5%	-2.4%	-17.1%	4.3%	0.2%	8.3%	7.2%	3.6%
Dubai	DFM General Index	-17.0%	19.9%	107.7%	12.0%	-16.5%	12.1%	-4.6%	-24.9%	9.3%	-9.9%
Abu Dhabi	ADX General Index	-11.7%	9.5%	63.1%	5.6%	-4.9%	5.6%	-3.3%	11.7%	3.3%	-0.6%
Qatar	QE 20 Index	1.1%	-4.8%	24.2%	18.4%	-15.1%	0.1%	-18.3%	20.8%	1.2%	0.1%
Bahrain	Bahrain All Share Index	-20.1%	-6.8%	17.2%	14.2%	-14.8%	0.4%	9.1%	0.4%	20.4%	-7.5%
Oman	MSM 30 Index	-15.7%	1.2%	18.6%	-7.2%	-14.8%	7.0%	-11.8%	-15.2%	-7.9%	-8.1%

Source: GCC Stock Exchanges, Kamco Invest Research.

GCC equity markets underperformed their global peers and witnessed mixed performances across individual stock exchanges in the region. The aggregate MSCI GCC index reported a yearly decline for the first time in five years and was affected by twin dilemmas during the year. On one hand, governments had to impose Covid-19 restrictions that resulted in one of the most severe impact on the economic front with an expected 6.0% decline in GDP rates for the GCC region, as per the IMF. On the other hand, the decline in demand for crude oil, the biggest revenue source for the GCC governments, resulted in historic slide in prices to reach a three-decade low at its lowest point in the year. Volatility in the GCC equity market was the highest in four years with 49 days when the markets moved more than 1% during the year as compared to 37 days in 2019.

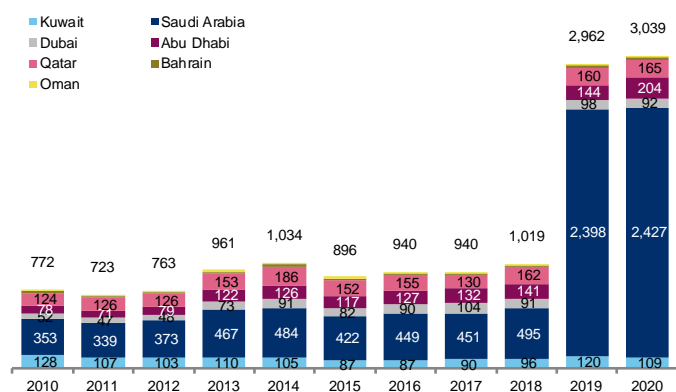
Almost all the markets in the GCC were in the red in terms of YTD returns for the bulk of the year and recovered only during Q4 -2020. Saudi Arabia recorded the best equity market performance during the year reporting gains for the fifth consecutive year at 3.6%. On the other hand, Kuwait, which was the best performing market in 2019, reported the biggest decline as investors booked profits after last years gains that was led by the announcement of the MSCI EM inclusion. Geopolitical issues also had its fair share of impact on the region's market performance, but positive news towards the end of the year emerged, as efforts were made to mend the relationship with Qatar with expectations of a positive outcome in the near term. The movement in oil prices during the year was especially reflected in the performance of Saudi market, in addition to passive impact on other markets in the region. The decline in oil revenues resulted in fiscal pressure on GCC governments and the additional spending associated with Covid-19 resulted in record deficits. Debt issuance in the region was at a record high as well. Also, the culmination of fiscal pressure and over dependence on oil resulted in downgrades of four out of six sovereigns in the region.

In terms of sector performance, more sectors in the GCC witnessed gains during the year, however, a decline in large-cap sectors more than offset these gains. On the gainers side, the Consumer Durable & Apparel index witnessed the highest yearly returns of 86.1% benefitting from the sustained demand despite the lockdowns due to the inelastic and non-cyclical nature of the stocks in the index. A similar impact was seen on the Food & Drug Retail sector that posted the second biggest returns during the year at 56.2% after being the best performer in 2019. Healthcare related indices also recorded gains of more than 40%, whereas the Food & Beverage index was up 28.8%. On the other hand, the Banking index was the biggest decliner during the year sliding by 5.5% followed by 2.4% decline in the Real Estate index. Energy and Diversified Financials sectors reported declines of 1.9% each. Trading activity on the GCC exchanges was higher during 2020 and was largely broad based, barring in Oman and Bahrain. Total value traded in the GCC more than doubled to USD 659.8 Bn vs. USD 309.9 Bn in 2019.

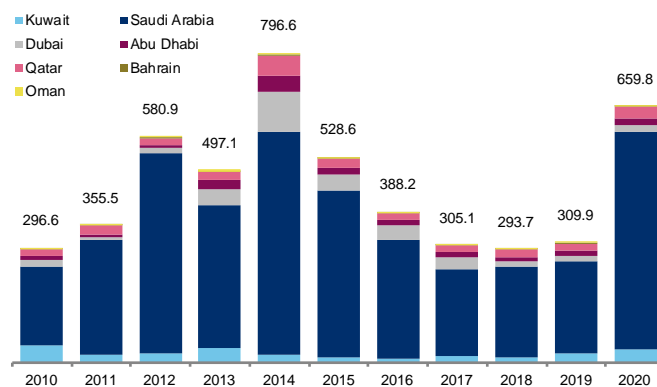
2020 closing indices vs. year's lowest close

Market	2019 Close	2020 Low	2020 Close	2020 Close vs. 2020 low
Kuwait-Premier	6,975.96	4,661.16	6,051.07	29.8%
Kuwait-Main 50	4,988.95	3,879.72	4,636.35	19.5%
Kuwait-Main Mkt	4,910.69	3,979.16	4,552.43	14.4%
Kuwait-All Share	6,282.46	4,443.69	5,546.04	24.8%
Tadawul	8,389.23	5,959.69	8,689.53	45.8%
DFM	2,764.86	1,682.08	2,491.97	48.1%
ADX	5,075.77	3,323.35	5,045.31	51.8%
QE	10,425.51	8,160.23	10,435.96	27.9%
BHB	1,610.18	1,232.40	1,489.78	20.9%
MSM	3,981.19	3,383.54	3,658.77	8.1%

GCC Market-Cap (USD Bn)



GCC Markets - Value Traded (USD Bn)



Source: GCC Stock Exchanges, Bloomberg, Reuters, Kamco Invest Research. Value traded in Oman includes regular, parallel, under monitoring markets and rights

Boursa Kuwait

Monthly Indicators	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
Premier Market Index	7,033.5	6,730.2	5,198.7	5,356.3	5,424.3	5,607.1	5,415.3	5,854.6	6,020.8	6,004.0	6,008.6	6,051.1
Monthly % Change	0.8%	(4.3%)	(22.8%)	3.0%	1.3%	3.4%	(3.4%)	8.1%	2.8%	(0.3%)	0.1%	0.7%
Main 50 Index	5,085.3	4,890.2	3,998.3	4,187.3	4,035.4	4,184.4	4,047.6	4,182.2	4,319.6	4,384.4	4,445.7	4,636.4
Monthly % Change	1.9%	(3.8%)	(18.2%)	4.7%	(3.6%)	3.7%	(3.3%)	3.3%	3.3%	1.5%	1.4%	4.3%
Main Market Index	4,922.3	4,769.3	4,083.1	4,226.4	4,150.4	4,190.1	4,086.0	4,184.8	4,303.5	4,331.9	4,373.2	4,552.4
Monthly % Change	0.2%	(3.1%)	(14.4%)	3.5%	(1.8%)	1.0%	(2.5%)	2.4%	2.8%	0.7%	1.0%	4.1%
All Share Market Index	6,325.0	6,072.1	4,822.7	4,975.4	4,995.6	5,130.7	4,968.2	5,294.3	5,445.2	5,443.0	5,459.5	5,546.0
Monthly % Change	0.7%	(4.0%)	(20.6%)	3.2%	0.4%	2.7%	(3.2%)	6.6%	2.9%	(0.0%)	0.3%	1.6%
Market Cap (KWD Mn)	36,613	35,156	27,754	28,778	29,169	29,961	29,021	31,338	32,467	32,386	32,475	32,999
P/E (X) - TTM	16.90	16.20	12.80	13.30	14.27	14.60	14.20	15.20	27.51	27.40	36.18	35.43
P/BV (X) - TTM	1.50	1.44	1.14	1.18	1.14	1.21	1.17	1.26	1.41	1.41	1.34	1.37
Dividend Yield (%)	3.46%	3.06%	3.90%	4.56%	4.16%	3.51%	4.24%	4.02%	3.56%	3.57%	3.58%	3.55%
Volume (Mn Shares)	4,217.4	3,713.5	4,035.2	3,174.1	2,133.3	3,567.4	2,572.7	3,772.5	8,286.7	6,225.1	5,521.6	4,877.7
Value (KD Mn)	869.5	522.3	986.8	747.4	441.0	649.4	528.7	690.8	1,076.2	1,145.5	2,174.2	922.3
Trades ('000)	160.8	139.4	239.3	175.6	112.0	158.0	135.0	163.4	277.6	258.7	288.3	211.4

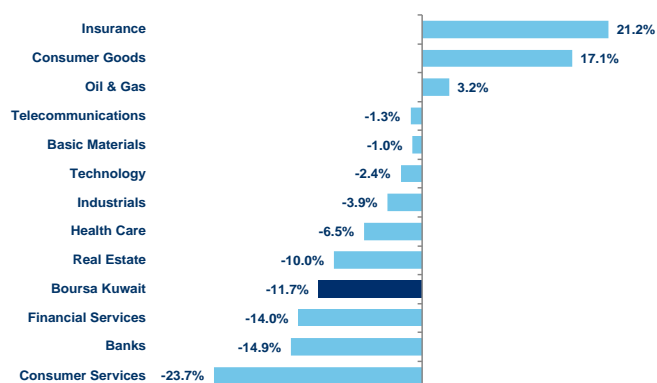
Source: Boursa Kuwait, Kamco Invest Research

After four consecutive years of positive performances as one of the best performing markets in the GCC, as well as globally in 2019, Kuwait reported the biggest decline in the region during 2020. The decline came after investor sentiments were severely affected by the decline in corporate profitability as a result of the Covid-19 restrictions. In addition, the enthusiasm related to the MSCI EM upgrade was severely affected when the upgrade was postponed due to operational issues led by the lockdowns. The Premier Market index witnessed the biggest decline among the Kuwait benchmarks, with a fall of 13.3% after 13 out of the 20 constituents of the large-cap index reported declines during the year, that was partially offset by gains reported by 5 stocks. The newly introduced Main 50 index recorded the smallest decline of 7.1%, closely followed by the Main Market index that declined by 7.3% resulting in a net impact of -11.7% on the Kuwait All Share Market Index. Total market cap for the exchange reached KWD 33.0 Bn at the end of the year as compared to KWD 36.3 Bn at the end of last year, a decline of 9.2%.

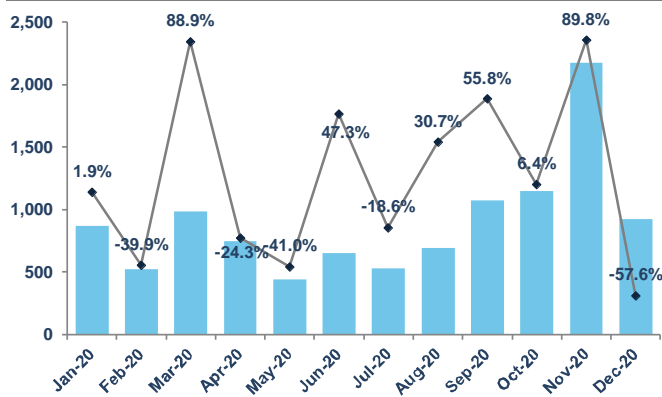
The sector performance chart for 2020 showed a broad-based decline. Gainers and decliners largely reflected the impact of Covid-19 with the Consumer Services index reporting the biggest yearly decline of 23.7%. Prominent decliners in the index included Jazeera Airways and Kuwait National Cinema Co. with declines of 33.6% and 28.4%, respectively. The Banking sector was the second biggest decliner in 2020 with a fall of 14.9% followed by Financial Services and Real Estate Indices with declines of 14.0% and 10.0%, respectively. In the banking sector, Boubayan Bank was the only stock that reported marginal gains of 0.2% whereas of the remaining 9 Kuwaiti banks, 6 reported double digit declines as a result of the impact of higher provisions on the sector's profitability. In terms of sectoral gainers, the Insurance index topped with a gain of 21.2% followed by Consumer Goods and Oil & Gas indices with yearly gains of 17.1% and 3.2%, respectively.

The yearly best performers chart was topped by Arzan Financial Group after its shares more the doubled during the year. Investor's Holding Group was next, also reporting more than 100% gains, followed by Aayan Leasing & Investment and Burgan Company for Drilling with gains of 96.8% and 93.3%, respectively. On the other hand, the yearly decliners chart was topped by IFA Hotels & Resorts with a decline of 64.5% followed by Al Masaken International Real Estate and Al Rai Media with declines of 43.9% and 43.6%, respectively. Trading activity on the exchange got a boost after the inclusion in the MSCI index. Total value traded was up 35.5% to reach KWD 10.8 Bn in 2020 as compared to KWD 7.9 Bn during the previous year. Volume traded was also up by 33.4% to reach 52.1 Bn shares. KFH was once again the most heavily traded stock in 2020 with yearly value traded at KWD 2.1 Bn followed by NBK and AUB at KWD 2.0 Bn and KWD 1.1 Bn, respectively.

Boursa Kuwait 2020 Sector Performance



Value Traded (KWD Mn)



Source: Kuwait Stock Exchange, Kamco Invest Research

Saudi Arabia (Tadawul)

Monthly Indicators	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
Tadawul All Share Index	8,246.6	7,628.3	6,505.4	7,112.9	7,213.0	7,224.1	7,459.2	7,940.7	8,299.1	7,907.7	8,747.1	8,689.5
Monthly % Change	(1.7%)	(7.5%)	(14.7%)	9.3%	1.4%	0.2%	3.3%	6.5%	4.5%	(4.7%)	10.6%	(0.7%)
Market Cap (SAR Bn)	8,748.9	8,424.9	7,562.0	8,005.1	8,327.3	8,232.3	8,346.9	8,976.5	9,100.8	8,634.7	9,301.3	9,101.6
P/E (X) - TTM	23.00	21.30	26.12	28.57	22.04	21.77	23.50	28.96	30.21	28.33	33.05	34.85
P/BV (X) - TTM	2.09	1.89	1.58	1.70	1.76	1.76	1.80	1.94	2.02	1.91	2.09	2.08
Dividend Yield (%)	3.29%	3.53%	4.07%	3.63%	3.45%	3.57%	3.45%	3.34%	2.40%	2.50%	2.37%	2.44%
Volume (Mn Shares)	3,708.6	2,890.3	5,238.3	4,730.5	3,574.3	8,297.2	5,662.9	6,698.6	11,187.8	9,344.2	9,389.6	8,377.3
Value (SAR Mn)	84,379.6	71,603.9	116,932.8	95,431.9	75,782.4	380,892.5	111,338.6	150,325.2	267,453.0	221,299.0	258,644.2	252,691.6
Trades ('000)	3,750	3,271	5,167	4,426	3,265	5,732	5,423	6,234	9,856	9,188	10,375	9,963

Source: Tadawul, Kamco Invest Research. Note: Trading data includes stocks in the Main Market.

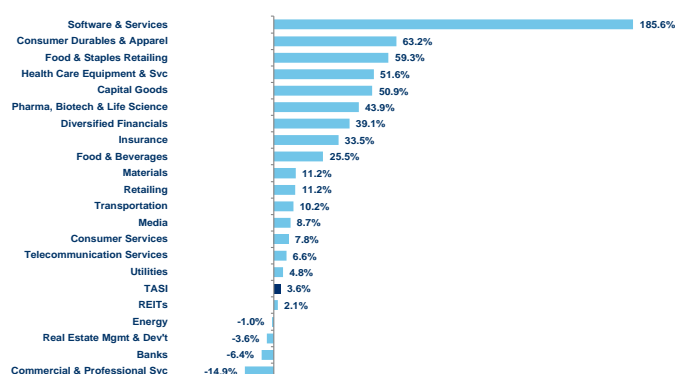
Saudi Arabia's TASI was the best performing market in the GCC and was one of the only two markets that reported positive performance during the year. The benchmark reported gains for the fifth consecutive year and the performance came despite the steep fall in oil prices during the year as well as the impact from Covid-19 led lockdowns. TASI closed the year at 8,689.53 points with a yearly gain of 3.6%. The gains came amid steep volatility that saw the index down almost 30% from the years peak during mid-March-2020 followed by a recovery of 47% for the remainder of the year. Trends in TASI largely replicated the trends in oil price, which declined to one of the lowest historical levels during the lockdowns. The year closed with a market cap of SAR 9.1 Trillion, a gain of 1.2% as compared to last year's close of SAR 9.0 Trillion.

The sector performance chart for the year showed that a majority of the sectors reported gains during the year. However, these gains were partially offset by decline in large-cap sectors. Like most of the other GCC markets, the Commercial & Professional Services sector reported the biggest decline during the year at -14.9% highlighting the impact of Covid-19 restrictions. Within the sector, the 89.5% gain in shares of Saudi Printing & Packaging were more than offset by 25% decline in shares of Saudi Airlines Catering. The Banking index showed the second-biggest yearly decline of 6.4% followed by Real Estate and Energy indices with declines of 3.6% and 1.0%, respectively. In the banking sector, shares of 9 out of 11 banks showed a decline of which 7 showed double digit declines which more than offset the gain in shares of Al Rajhi Bank and Bank AlBilad at 12.5% and 5.4%, respectively. The overall performance of the Energy sector was affected by 0.7% decline in shares of Aramco and 36.2% decline in shares of Rabigh Refining while the rest of the constituents showed gains. Saudi Arabia Refineries, with a gain of 135.4%, was one of the best performing stocks on the exchange during the year.

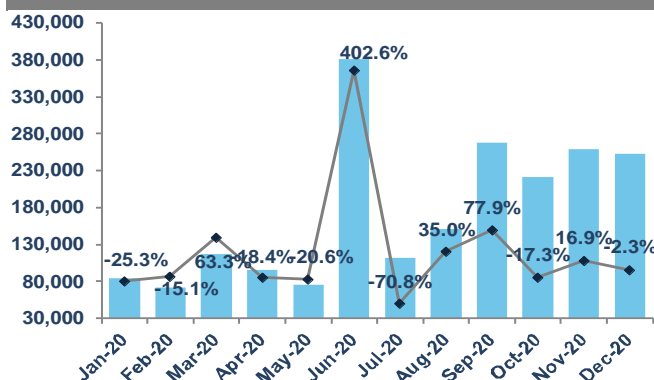
On the gainers side, the Software & Services index topped yearly performance with a gain of almost 2x. Both the constituents in the index showed multifold increase in their share prices during the year as a result of resilience and opportunities of software companies during the covid-19 lockdowns. Other consumer non-cyclical sectors including Consumer Durables & Apparel, Food & Staples Retailing and Healthcare Equipment were next with gains of more than 50%. Trading activity on the exchange more than doubled during the year to reach 79.1 Bn shares and SAR 2.1 Trillion in value traded as compared to 33.3 Bn shares and SAR 880.1 Bn worth of trades in 2019.

Saudi Paper Manufacturing Co. topped the yearly performance chart with a gain of 381.7% followed by Wafra for Industry & Dev. and Arab Sea Information Systems with gains of 331.3% and 289.0%, respectively. On the yearly decliners side, five out of the top 10 declining stocks during the year in Saudi Arabia were banks and two were from the Real Estate sector. The chart was topped by Rabigh Refining with a decline of 36.2% followed by Saudi British Bank and Arab National Bank with declines of 28.8% and 26.6%, respectively. In terms of trading activity, SABIC topped the yearly trading activity chart with value traded reaching SAR 300.3 Bn after Aramco bought 2.1 Bn shares of SABIC in June-2020 and acquired 70% stake in the company. Al Rajhi Bank and Aramco were next on the value traded chart with SAR 83.5 Bn and SAR 66.3 Bn worth of shares changing hands during the year, respectively.

Tadawul 2020 Sector Performance



Value Traded (SAR Mn)



Source: Tadawul, Kamco Invest Research

Abu Dhabi Securities Exchange

Monthly Indicators	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
ADX General Index	5,156.2	4,901.4	3,734.7	4,230.4	4,141.6	4,285.8	4,304.7	4,519.3	4,518.1	4,660.0	4,964.9	5,045.3
Monthly % Change	1.6%	(4.9%)	(23.8%)	13.3%	(2.1%)	3.5%	0.4%	5.0%	(0.0%)	3.1%	6.5%	1.6%
Market Cap (AED Bn)	559.9	535.3	431.8	489.2	485.2	506.2	657.0	698.0	691.6	710.3	744.8	749.8
P/E (X) - TTM	13.17	12.39	9.44	10.86	12.92	13.69	15.04	16.49	16.39	17.52	19.21	20.60
P/BV (X) - TTM	1.35	1.27	0.96	1.07	1.24	1.28	1.25	1.30	1.30	1.31	1.40	1.42
Dividend Yield (%)	4.81%	5.08%	6.55%	5.60%	6.14%	5.96%	5.65%	5.40%	5.44%	5.25%	4.92%	4.85%
Volume (Mn Shares)	657.7	886.1	1,705.4	1,240.7	863.1	1,128.2	1,165.4	2,008.5	3,423.0	2,320.4	2,822.5	2,104.0
Value (AED Mn)	2,455.8	2,983.3	4,623.7	3,167.0	2,424.5	3,829.4	2,574.9	6,113.0	11,830.7	9,719.4	13,066.9	8,255.1
Trades	23,279	28,487	52,789	48,960	33,979	41,789	29,854	46,775	40,026	38,777	68,924	48,563

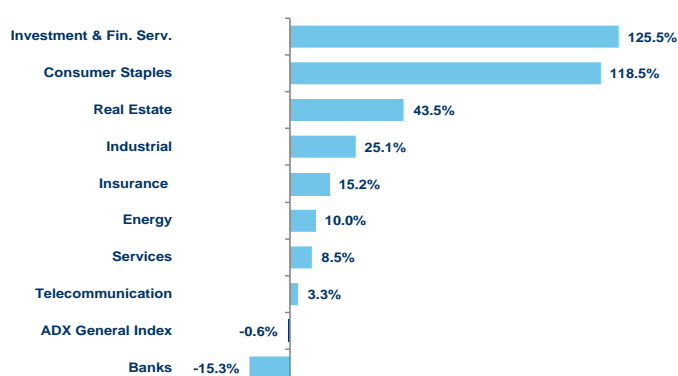
Source: Abu Dhabi Securities Exchange, Kamco Invest Research

The ADX index closed broadly flat in 2020, recovering from the Covid-19 related lows of Mar-2020, and ending the year marginally down 0.6% y-o-y. The index closed at 5045.31 points, and sectoral performance was positive barring Banks. Banks were down 15.3% y-o-y, predominantly driven by higher provisions, impairment charges, and lower revenues due to the unprecedented operating environment, given challenging market conditions during Covid-19. Amongst the large-cap banks, ADCB (-21.7%), FAB (-14.9%) and ADIB (-12.8%) witnessed double digit declines. In ratings action, Fitch Ratings in Dec-2020 affirmed FAB's long-term Issuer Default Rating (IDR) at 'AA-' with a Stable outlook and Viability Rating (VR) at 'a-'. Separately, Fitch rated ADCB's long-term Issuer Default Rating (IDR) at 'A+' with a Stable outlook and Viability Rating (VR) at 'bb+'. The ratings for both banks reflect the extremely high probability of support available to the bank from both the UAE (AA-/Stable) and Abu Dhabi (AA/Stable) authorities, underpinned by its solid net external asset position, strong fiscal metrics, and recurring hydrocarbon revenues. The Investment and Financial Services index was the best performing index for the year, gaining by 125.5% y-o-y, driven again by International Holdings Company, as its share price jumped by around 6.8x. The Real Estate index gained by 43.5% y-o-y in 2020, and was almost single-handedly buoyed by Aldar, as its shares gained by 45.8% y-o-y.

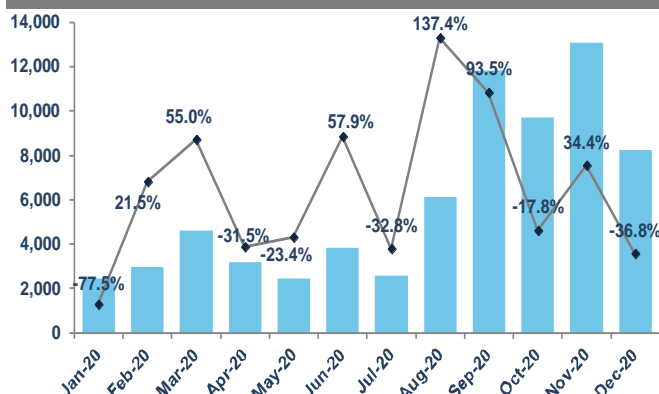
In corporate developments, Aldar agreed to sell the Abu Dhabi Golf Club Complex, including the Westin Hotel and the Abu Dhabi Golf Course, to a financial investor for AED 180 Mn. The sale, which has a transaction value representing a 13% increase on the entry price, is reportedly in line with Aldar's asset management strategy to actively pursue profitable investment exits and redeploy capital into growth opportunities. The complex includes land for development of 46,543 sq.m GFA of residential property, which was acquired by Aldar as part of a wider transaction with Abu Dhabi's Tourism Development Investment Company (TDIC) in 2018. Further, Aldar signed an agreement to divest its two district cooling assets on Abu Dhabi's Saadiyat Island to Tabreed for a total consideration of AED 963 Mn. The transaction is expected to complete in Q1-2021, unlocking an IRR of over 40% on the original equity investment by Aldar, who has actively managed the asset since its acquisition in 2018. Separately, ADNOC Distribution announced the execution of a definitive agreement to acquire 15 service stations in Saudi Arabia for AED 36.7 Mn, reaffirming its commitment to grow its business in KSA.

In 2020, International Holdings Company topped the monthly gainers chart, with a gain of 6.8x y-o-y, followed by Abu Dhabi National Energy and Arkan Building Materials Company with gains of 176.4% and 93.4% y-o-y respectively. On the decliners side, the worst performing companies for the year were Invest Bank and Sharjah Insurance Company with declines of 50.6% and 25.7%, respectively. Trading activity on the exchange was higher y-o-y in 2020, as volumes traded was up by 46.3% to 20.57 Bn shares. Value traded moved up by 29.7% y-o-y to reach AED 71.65 Bn during 2020. In terms of most actively traded stocks, FAB led all stocks in terms of value traded, with AED 16.3 Bn worth of shares traded during 2020. Aldar and International Holdings followed as AED 12.1 Bn and AED 9.67 Bn worth of shares were traded respectively. Aldar led the most active stocks list in terms of volumes traded in 2020, as 5.5 Bn shares were traded. ADNOC Distribution and Dana Gas followed with 2.39 Bn and 1.64 Bn shares traded during 2020.

ADX 2020 Sector Performance



Value Traded (AED Mn)



Source: Abu Dhabi Securities Exchange, Kamco Invest Research

Dubai Financial Market

Monthly Indicators	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
DFM General Index	2,790.4	2,590.0	1,771.3	2,026.6	1,945.1	2,065.3	2,050.8	2,245.3	2,273.5	2,187.9	2,419.6	2,492.0
Monthly % Change	0.9%	(7.2%)	(31.6%)	14.4%	(4.0%)	6.2%	(0.7%)	9.5%	1.3%	(3.8%)	10.6%	3.0%
Market Cap (AED Bn)	381.1	363.4	266.2	288.3	280.8	290.3	289.6	310.6	314.4	306.5	333.9	337.2
P/E (X) - TTM	6.93	6.59	4.34	5.02	7.73	6.20	7.06	8.49	8.57	9.03	11.31	11.62
P/BV (X) - TTM	0.92	0.83	0.54	0.62	0.70	0.74	0.73	0.79	0.80	0.77	0.85	0.87
Dividend Yield (%)	4.25%	4.81%	7.24%	7.24%	4.93%	4.54%	4.67%	4.30%	4.26%	4.44%	4.02%	3.90%
Volume (Mn Shares)	2,912.1	2,746.3	6,070.5	6,993.8	4,055.8	7,530.7	5,347.4	6,749.9	8,646.0	3,963.6	4,652.0	5,400.1
Value (AED Mn)	3,968.5	3,887.3	6,367.5	5,819.3	4,822.8	6,199.1	4,538.3	7,146.0	7,598.4	3,226.4	5,878.2	5,629.5
Trades	48,434	49,137	95,806	111,040	73,062	96,126	75,977	96,664	115,004	58,014	79,788	78,293

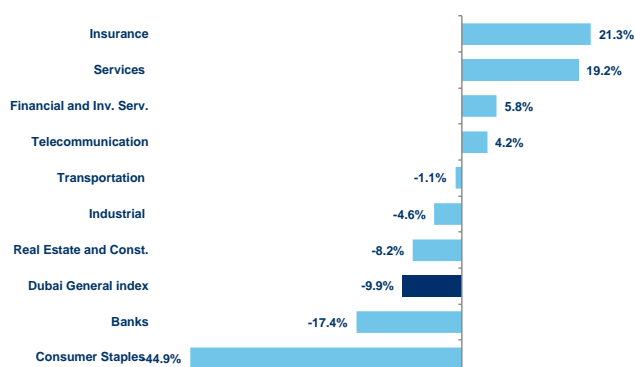
Source: Dubai Financial Market, Kamco Invest Research

The DFM index was the second worst performing index in the GCC for the year 2020, registering a decline of 9.9% y-o-y. The index however recovered over 48% from the lows of 2020 and closed the year at 2491.97 points. Sectoral performance was mixed for the year between gainers and decliners. The Insurance sector was the best performing index on the DFM, gaining by 21.3% y-o-y for the year, as most stocks on the index gained during the year. Dubai Islamic Insurance and Reinsurance (+145%) was the top performing stock on the index, followed by Dar Al Takaful (+81%). The Services index followed with gains of 19.2% y-o-y, as shares of Tabreed (+38.02%) more than offset declines of other index constituents. Consumer Staples and Discretionary was the worst performing index for 2020, plunging by almost 45% y-o-y, driven by the shares of DXB Entertainment dropping by 50% over the same period. DXB Entertainments hired advisors to review a proposal from Meeras to buy out the theme park operator. State-backed Meraas Leisure and Entertainment made a conditional offer on 20 Dec 2020 to pay in cash and acquire the remaining shares of DXBE, while the company's CEO-Mr. Mohamed Almulla resigned on 31 Dec 2020. Similar to the ADX, the banking sector suffered with declines of 17.4% y-o-y in 2020, driven by higher provisions, impairment charges, and lower revenues due to the unprecedented operating environment.

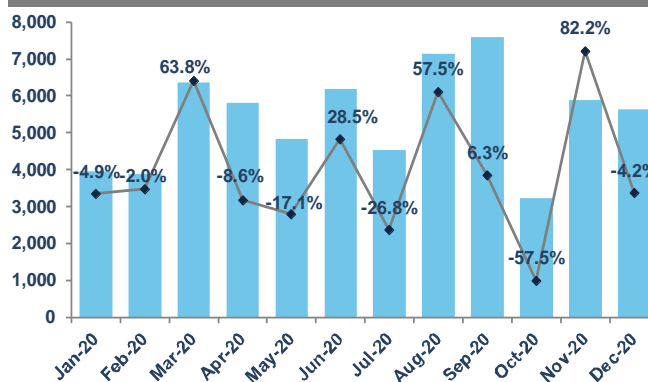
The Real Estate and Construction index fell by 8.6% in 2020, with Arabtec declining by around 58.9% y-o-y. The shareholders agreed to discontinue the contractor's operations, due to its untenable financial position and authorized the board to file for a liquidation. The key initiative for Dubai's equity market was the launch of Nasdaq Dubai Growth Market for 2021, which allows SMEs to list their businesses if they are valued below USD 250 Mn. The requirements include a minimum operating history of just one year as requirement, compared to three years for Nasdaq Dubai's main market, while owners will be allowed to carry out their IPO, while selling as little as 25% of the shares in their company, enabling them to keep control. Separately, ratings agency Fitch affirmed Emirates NBD's (ENBD) long-term Issuer Default Rating (IDR) at 'A+' with a Stable Outlook and Viability Rating (VR) at 'bb+'. Fitch's view factors in UAE's strong capacity to support the banking system, underpinned by UAE's solid net external asset position, strong fiscal metrics and recurring hydrocarbon revenues. The banks close ties and part government ownership (55.8% owned by ICD, the investment arm of the government of Dubai) aided its rating.

In terms of trading activity for 2020, the DFM witnessed improving trends on major indicators, as volumes traded increased by 72.6% y-o-y to reach 65.1 Bn shares. In terms of value traded, total value of shares improved by 28.3% y-o-y to reach AED 65.1 Bn. In terms of monthly gainers, Gulfa Mineral Water led all stocks as its stock price soared by 3.08x in 2020. Dubai Islamic Insurance and Reinsurance Co and Emirates Refreshments Co followed, as their stock prices jumped up by 1.44x and 91.8% respectively. On the other hand, shares of Arabtec declined the most in 2020 as its share price declined by 58.9% y-o-y. DXB Entertainment and Amlak Finance followed with declines of 50% and 47.1% respectively for the year. Emaar Properties was the most actively traded stock on the exchange in 2020 as AED 11.0 Bn worth of stock was traded. Emirates NBD and DIB followed with value traded of AED 10.9 Bn and AED 7.68 Bn respectively. In terms of volumes, Union Properties led all stocks as 16.24 Bn shares were traded in 2020. GFH and Deeyar Holding followed as 4.57 Bn shares of each stock were traded during the year.

DFM 2020 Sector Performance



Value Traded (AED Mn)



Source: Dubai Financial Market, Kamco Invest Research

Qatar Exchange

Monthly Indicators	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
QE 20 Index	10,442.0	9,490.1	8,207.2	8,764.1	8,844.7	8,998.6	9,368.2	9,845.2	9,990.4	9,691.0	10,262.1	10,436.0
<i>Monthly % Change</i>	0.2%	(9.1%)	(13.5%)	6.8%	0.9%	1.7%	4.1%	5.1%	1.5%	(3.0%)	5.9%	1.7%
Market Cap (QAR Bn)	579.5	526.0	460.5	493.8	500.9	520.0	547.7	570.0	588.6	565.1	590.5	602.2
P/E (X) - TTM	14.05	13.12	11.51	12.90	14.15	14.18	15.27	16.02	16.15	16.46	17.44	17.75
P/BV (X) - TTM	1.39	1.25	1.10	1.17	1.39	1.39	1.41	1.48	1.50	1.42	1.50	1.52
Dividend Yield (%)	4.03%	4.14%	4.67%	4.36%	4.46%	4.45%	4.27%	4.06%	3.94%	4.07%	3.84%	3.78%
Volume (Mn Shares)	1,730.4	1,557.9	3,061.7	3,859.6	3,502.3	5,169.5	6,677.6	5,759.6	8,124.1	5,649.9	5,420.2	4,643.7
Value (QAR Mn)	4,669.1	4,527.9	8,227.3	6,371.5	6,117.9	8,619.8	10,948.0	9,781.4	14,265.8	10,305.3	11,493.5	10,455.5
Trades	101,454	120,366	202,954	195,215	162,304	197,921	203,617	201,934	251,351	196,883	237,916	215,144

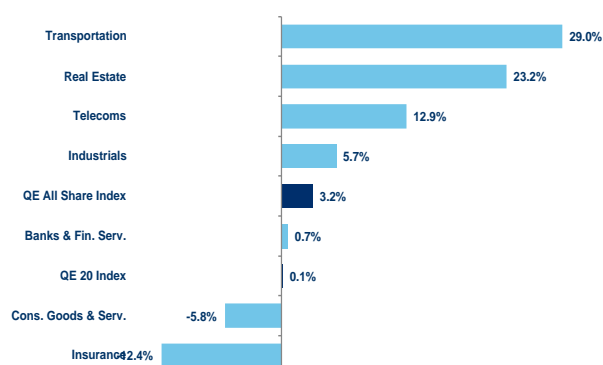
Source: Qatar Exchange, Kamco Invest Research

After closing 2019 broadly flat, the Qatar QE-20 index ended 2020 broadly rangebound at 10,435.96 points, with marginal gains of 0.1% for the year. The Qatar All Share index gained by 3.2% y-o-y, as compared to 2019, as sectoral indices closed the year mostly positive. The Transportation index was the best performing index, gaining by 29% y-o-y as Nakilat (+33.1%) and Qatar Navigation (+16.3%) drove the index higher in 2020. The Real Estate index followed with gains of 23.2% y-o-y, as Ezdan (+188.8%) and Mazaya (+75.7%) witnessed strong gains for the year. The gains came on back of the new law issued by Qatar, which adds to the number of locations where non-Qataris can buy real estate. A two-tiered residency program that rewards large investors with government-provided services was also introduced to incentivize home ownership. The Insurance index was the worst performing index for the year, declining by 12.4% y-o-y, followed by the Consumer Goods and Services index that receded by 5.8% by the end of the year. Qatar Exchange witnessed the IPO of QLM Life & Medical Insurance Company, as the issue was reportedly oversubscribed and witnessed strong demand from retail and institutional investors, and the company is set to list on the exchange on 6 Jan 2021.

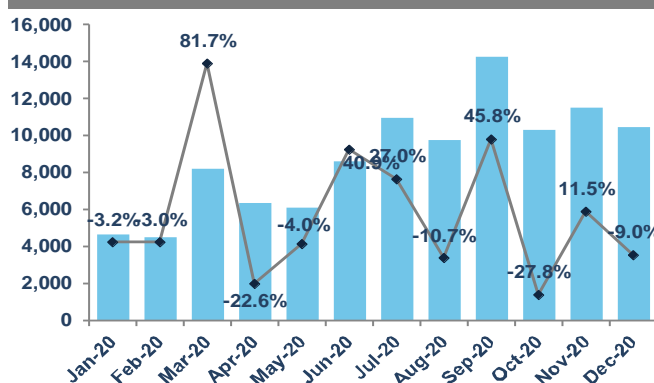
The IPO issue was for 60% of QLM's shares, equivalent to 210,000,000 shares, being offered at a price of QAR 3.15/share, making the total size of the Offering QAR 659.4 Mn. Separately, in ratings action, Moody's affirmed QIIB's rating at 'A2' with a stable outlook. The credit rating agency highlighted the bank's solid asset quality, solid capitalization and profitability, resilient funding profile, underpinned by a solid retail-focused franchise and very high probability of government support in case of need, as key drivers for the rating. Fitch affirmed QIIB's rating at 'A' with a stable outlook. The rating reportedly attests to QIIB's strong financial position, and its ability to respond in a suitable manner to the new challenges in line with the high solvency of Qatar's economy across all sectors. In other developments, Nakilat has assumed the technical ship management and operations of the Floating Storage and Regasification Unit (FSRU) Exquisite from Excelsior Technical Management (ETM) with effect from 17 Dec 2020. The FSRU is jointly owned by Nakilat and Excelsior Energy with a cargo capacity of 150,900 cubic meters and a peak regasification rate of 690 million cubic feet per day, through a joint venture established in 2018.

Trading activity jumped during 2020 as value traded increased by 56.2% y-o-y, to reach QAR 105.8 Bn as compared to QAR 67.7 Bn during 2019, while volumes traded soared by almost 383% to reach 55.2 Bn shares in 2020, as against 11.4 Bn shares in the year prior. In terms of trading activity, QNB topped the yearly value traded chart with QAR 12.4 Bn worth of shares traded, followed by Ezdan Holding and Nakilat recording QAR 7.1 Bn and QAR 5.5 Bn in monthly value traded. In terms of traded volumes, Ezdan Holding led all companies with 6.4 Bn shares being traded during 2020. Investment Holding and Salam International Investment followed with 6.1 Bn and 4.4 Bn shares traded during the month. Qatar German Medical was the top performing stock in the index for the year as its share price soared by 3.8x y-o-y in 2020. Dlala Brokerage & Investments and Ezdan Holding followed with gains of 193.8% and 188.8% respectively y-o-y. On the other hand, shares of Qatar National Cement witnessed the most declines, losing 26.6% y-o-y in 2020. Qatar Insurance & Mesaieed Petchem followed with declines of 25.3% and 18.5% respectively for the year.

QE 2020 Sector Performance



Value Traded (QAR Mn)



Source: Qatar Exchange, Kamco Invest Research

Bahrain Bourse

Monthly Indicators	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
Bahrain All Share Index	1,657.63	1,660.48	1,350.62	1,310.73	1,269.63	1,277.61	1,290.57	1,380.89	1,434.49	1,427.18	1,477.51	1,489.78
Monthly % Change	2.9%	0.2%	(18.7%)	(3.0%)	(3.1%)	0.6%	1.0%	7.0%	3.9%	(0.5%)	3.5%	0.8%
Market Cap (BHD Mn)	9,679	9,710	7,777	8,268	8,047	8,095	8,134	8,690	9,029	8,983	9,295	9,379
P/E (X) - TTM	11.38	12.50	10.18	9.78	9.04	9.25	9.77	12.86	13.34	13.86	14.35	14.47
P/BV (X) - TTM	0.97	0.95	0.75	0.72	0.76	0.78	0.79	0.86	0.89	0.91	0.98	0.99
Dividend Yield (%)	4.24%	4.61%	5.01%	4.95%	5.55%	5.51%	5.46%	5.18%	4.69%	4.71%	4.55%	4.51%
Volume (Mn Shares)	58.9	70.8	104.6	146.2	59.9	90.0	109.5	96.2	151.2	107.2	83.9	79.4
Value (BHD Mn)	18.7	16.9	23.2	21.2	24.5	12.6	12.3	16.6	21.6	20.0	21.6	14.0
Trades	1,446	1,378	1,767	926	665	1,158	1,075	1,293	2,267	1,372	2,267	1,336

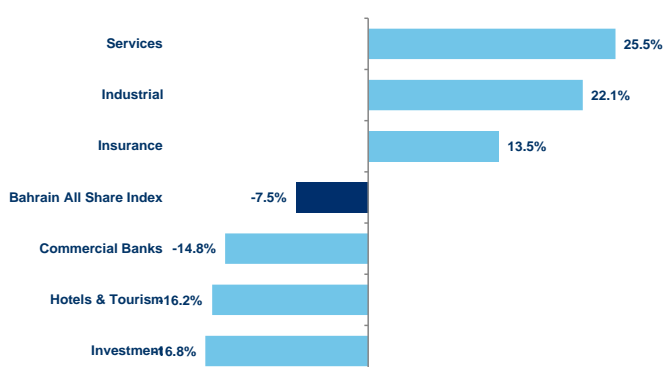
Source: Bahrain Bourse, Kamco Invest Research

After closing 2019 as one of the best performing markets in the GCC, the Bahrain Bourse declined by 7.5% in 2020 and closed at 1489.78 points. Sectoral performance was mixed between gainers and decliners. The Investment sector (-16.8%), Hotels & Tourism (-16.2%) and Commercial Banks (-14.8%) were the sectors that declined for the year. Services (+25.5%) and Industrials (+22.1%) indices were the best performing indices on the exchange. The Bahrain government's new budget expects to generate BD4.624 billion in revenues for fiscal years 2021-22 based on an oil price USD 45/b. The two-year budget estimates revenues to reach BHD 2.285 Bn in 2021 and BHD 2.339 Bn in 2022, while total recurring expenses are estimated to be BHD 3.296 Bn in 2021 and BHD 3.219 Bn in 2022. A total of BHD 656 Mn has been identified for development projects for each fiscal year, while the draft budget aims overall deficit estimates to BHD 1.276 Bn for 2021 and BHD 1.145 Bn for 2022.

Moodys updated their rating methodology for Banks, which has unified deposit ceilings with the typically higher debt ceilings, whereby LC and FC country ceilings are no longer distinguished between deposit and debt ceilings. The FC ceilings as applied to FC deposits were raised in Bahrain, while separate offshore FC ceilings were removed. The agency mentioned that there is currently no upward pressure because the banks' long-term deposit and issuer ratings where applicable are currently at the sovereign level. An upgrade of the government's rating could result in an upgrade of these ratings. Moody's mentioned that the ratings could be downgraded if the agency witnesses one or combination of the following (1) deterioration in the banks' solvency profile, (2) continued pressure on the operating environment leading to lower macro profile, and (3) a downgrade in the sovereign's rating. Separately, SICO agreed to acquire a 72.71% stake in Bank Muscat SAOG's Saudi Arabia-based unit Muscat Capital, subject to regulatory approvals. The acquisition will reportedly take place through the transfer of all SICO's treasury shares to Bank Muscat. Upon completion of the deal, Bank Muscat will own a 9% stake in SICO. As of June 30, Muscat Capital reportedly had a book value of roughly SAR 80 Mn, when SICO showed interest in acquiring a majority stake in Muscat Capital in April-2020. Investcorp announced in Dec-2020 that it has entered into a definitive agreement to sell Avira to NortonLifeLock consumer Cyber Safety, for approximately USD 360 Mn. The transaction is expected to close in Q1-2021, subject to regulatory approvals and customary closing conditions.

Trading activity was mixed, as volumes marginally improved by 0.5% y-o-y to reach 1163.6 Mn shares in 2020. Value traded declined by 28.1% y-o-y and reached BHD 205.9 Mn. AUB was the most actively traded stock 2020 with BHD 51.46 Mn worth of its shares traded on the exchange. Batelco and GFH followed with BHD 31 Mn and BHD 30.7 Mn worth of shares traded. In terms of volumes traded, GFH was the most active stock as 507.4 Mn shares were traded, followed by AUB and Al Salam Bank Bahrain with 181.4 Mn and 140.8 Mn shares respectively. Batelco was the top performing stock in the index for the year as its share price was up by 55.0% y-o-y in 2020. Ithmaar Holding and Alba followed with gains of 40.0% and 22.7% respectively y-o-y. On the other hand, shares of Nass Corp witnessed the most declines, losing 49.4% y-o-y in 2020. Bahrain Commercial Facilities & Arab Banking Corp followed with declines of 37.0% and 36.2% respectively for the year.

BSE 2020 Sector Performance



Value Traded (BHD Mn)



Source: Bahrain Bourse, Kamco Invest Research

Muscat Securities Market

Monthly Indicators	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
MSM 30 Index	4,079.3	4,130.9	3,448.3	3,539.5	3,544.6	3,516.0	3,568.1	3,771.9	3,614.6	3,557.8	3,643.5	3,658.8
Monthly % Change	2.5%	1.3%	(16.5%)	2.6%	0.1%	(0.8%)	1.5%	5.7%	(4.2%)	(1.6%)	2.4%	0.4%
Market Cap (OMR Mn)	6,722	6,744	5,798	5,877	5,920	5,882	6,232	6,548	6,256	6,181	6,347	6,431
P/E (X) - TTM	8.47	8.66	7.13	7.59	9.16	10.04	10.35	11.20	10.74	10.43	10.96	11.01
P/BV (X) - TTM	0.75	0.73	0.60	0.62	0.76	0.76	0.77	0.76	0.73	0.71	0.70	0.70
Dividend Yield (%)	6.80%	6.79%	8.01%	7.78%	6.81%	6.83%	6.72%	6.52%	6.77%	6.96%	6.93%	6.90%
Volume (Mn Shares)	231.2	278.6	298.5	169.7	101.4	180.9	190.8	202.5	108.6	191.6	125.7	202.0
Value (OMR Mn)	40.8	52.9	71.6	25.0	16.9	25.2	30.1	29.0	16.9	29.9	29.2	33.2
Trades	11,293	12,494	10,507	9,945	5,880	8,136	8,205	7,278	7,014	7,098	6,040	9,835

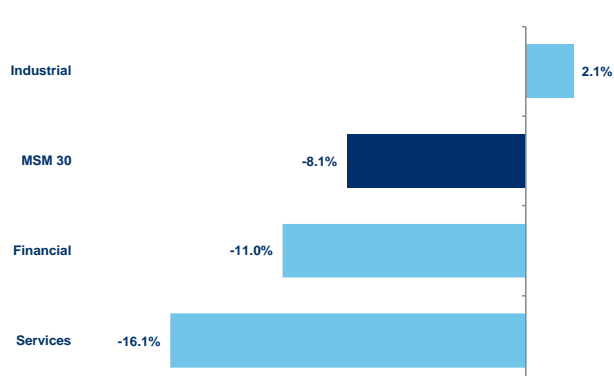
Source: Muscat Securities Market, Kamco Invest Research.

The declining streak in MSM continued during 2020 as the MSM 30 index declined for the fourth consecutive year despite seeing marginal recovery towards the end of the year. The index started the year on a positive note with consecutive gains during the first two months. However, the Covid-19 led decline during March-2020 pushed the index down 16.5% during the month. The trends remained largely positive for the rest of the year but the consecutive declines in September-2020 and October-2020 resulted in an 8.1% decline by the end of the year with the index closing at 3,658.8 points. The sectoral index performance was mixed during the year. The Services index once again witnessed the steepest decline amongst the three indices after falling by 16.1% during the year followed by the Industrial index with a decline of 11.0%. These declines were partially offset by 2.1% gains for the Financial index. Total equity market cap for the exchange stood at OMR 6.43 Bn at the end of 2020 as compared to OMR 6.6 Bn in 2019, registering a decline of 2.4%.

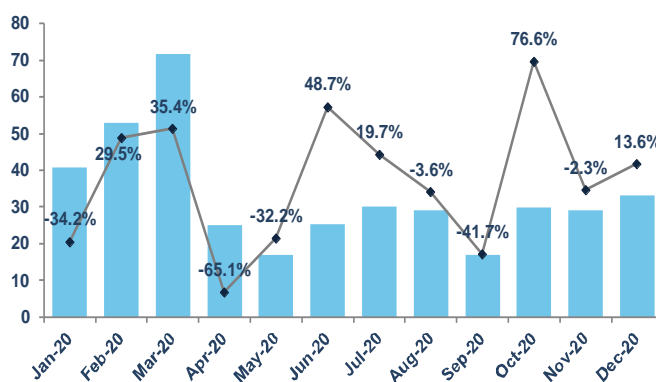
Share performance for the regular market was heavily skewed towards decliners that included 11 stocks as compared to 6 gainers during the year. Oman United Insurance topped the performance in the regular market with a gain of 27.4% followed by OmanTel and Al Jazeera Steel Products with gains of 19.3% and 16.1%, respectively. On the decliners side, Al Omaniya Financial Services topped with a decline of 30.6% followed by National Gas and Muscat Finance with declines of 29.2% and 27.5%, respectively. For the overall exchange, Financial Services topped during the year with a return of more than 200% followed by Al Oula Company and Al Anwar Ceramic Tiles with returns of 100% and 92.54%, respectively. On the decliner's side, Al Hassan Engineering topped with a decline of 72.0% followed by United Power and Muscat Insurance with declines of 58.7% and 55.1%, respectively.

Trading activity continued to decline for the fourth consecutive year and was across the markets including regular and parallel market stocks. Total value traded during the year declined by 39.4% to reach OMR 400.7 Mn in 2020 as compared to OMR 662 Mn in 2019. Volume traded also declined during the year but at a slightly higher rate of 40.9% to reach 2.3 Bn shares as compared to 3.9 Bn shares during 2019. The share of Regular Market stocks in terms of total value traded increased in 2020 to 60.3% as compared to 56.6% in 2019. In the Regular Market, Bank Muscat topped the yearly value traded chart with OMR 86.8 Mn worth of shares changing hands during the year followed by Ominvest and OmanTel with value traded at OMR 33.3 Mn and OMR 23.3 Mn, respectively. Bank Muscat also topped in terms of volume during the year with 226.8 Mn shares traded during the month followed by Ominvest and Al Anwar Holding at 93.1 Mn in trades shares for each of these stocks. In the Parallel Market, Oman Arab Bank topped the yearly value traded chart with OMR 18.01 Mn worth of shares traded followed by Al Anwar Ceramic Tiles and National Bank of Oman at OMR 17.6 Mn and OMR 15.1 Mn, respectively. In terms of type of investors, Omani's were net buyers during the year and reported an even higher share of total value of buy trades at 78.7% in 2020 as compared to a share of 64.5% in 2019. On the other hand, the share of GCC investors in the value of buy trades declined from 26.7% in 2019 to 12.4% in 2020.

MSM 2020 Sector Performance



Value Traded (OMR Mn)



Source: Muscat Securities Market, Kamco Invest Research

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