
Kamco Invest shareholders approve distribution of 5 Fils dividend and elect Board of Directors for next 3 years

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Shareholders approved the Board of Director's recommendation to distribute 5% cash dividend (5 Fils per share), equivalent to KWD1.7mn, which represents 56% of the net profits. Shareholders also elected the Board of Directors for the next 3 years, including Sheikh Abdullah Nasser Sabah Al-Ahmad Al-Sabah (representing United Guld Bank B.S.C), Entisar Abdul Raheem Al-Suwaidi (Independent Member), Masaud Mahmoud Jawhar Hayat (representing Al Zad Real Estate Company), Sheikha Dana Nasser Sabah Al-Ahmad Al-Sabah (representing Al Dhiyafa United Real Estate Company), and Tariq Mohammad Abdulsalam (representing First North Africa Real Estate).

The AGM was chaired by the company's Vice Chairman, Entisar Abdul Raheem Al-Suwaidi, who discussed the Board of Director's report highlighting key milestones achieved during 2019. Of these milestones was the successful completion of the merger process with Global Investment House ("Global") following Kamco Invest's vision to become one of the largest and most competitive players in the regional investment sector, specifically in the areas of asset management, investment banking and brokerage, through the Company's brokerage arm, First Securities Brokerage Company ("Oula Wasata"). The Company successfully concluded the legal merger and share swap by the 12th of December 2019 and announced its new identify "Kamco Invest" by year end. Kamco Invest also adopted a new organizational structure aiming to support the core fee-based income generating businesses and further enhancing customer service.

Al-Suwaidi said, “Total revenue during the year stood at KWD26.9mn (2018: KWD18.4mn), while fee income reached KWD19.1mn (2018: KWD10.2mn) representing 71.1% of total revenues (2018: 55.7%). The Company achieved a net profit of KWD3.0mn (12.47 Fils per share) compared to KWD2.6mn (10.77 Fils per share) in the year 2018.”

She added, “The Company enjoys a strong financial position with KWD56.4mn in shareholders’ equity as of 31 December 2019 (2018: KWD35.7mn) and a “BBB” long-term credit rating and “A3” short-term rating with stable outlook by Capital Intelligence.”

Faisal Mansour Sarkhou, Chief Executive Officer, provided a detailed explanation of the operational performance for the year, which witnessed numerous milestones and achievements across various fields. During 2019, wealth managers worked closely with various business sectors, leveraging their diversified in-house expertise to provide clients with customized solutions and advice. This resulted in attracting new clients, strengthening relationships with existing clients and raising funds for new and existing products.

Sarkhou said, “With assets under management amounting to USD13.5bn in funds and portfolios comprising various asset classes, strategies and jurisdictions, Kamco Invest was ranked the fifth largest asset manager in the GCC region in Moody’s asset management report issued September 2019.”

During the year, the Equities and Fixed Income team was recognized for the performance of its managed equity funds. Three equity funds managed by the Company were ranked amongst the top performing equity funds in the Kuwaiti market.

On the other hand, the Private Equity team focused on executing the planned exits of portfolio companies. The team exited portfolio companies from four existing funds, which led to the successful distribution of USD116mn to investors in these funds.

The Real Estate Investments team successfully acquired two properties in the US for a total amount of USD262.3mn and completed a successful exit in the United Kingdom generating an IRR for clients of 10.53%. At the end of 2019, Kamco Invest’s real estate portfolio composed of 11 properties with an aggregate acquisition value of USD890mn, covering a total area of 4.2mn square feet.

Additionally, the Special Situations Asset Management team successfully executed the portfolios' strategies and resulted in generating cash inflows of USD739mn since its inception in 2013 with USD273mn in 2019. During the year, the team successfully unwound a USD40mn portfolio, awarded in June 2015, as per the agreed targeted asset values with the client.

As for Investment Banking, the team completed ten investment banking mandates amounting to USD1.6bn (KWD483mn), raising the total successful mandates to USD22.3bn since inception (1998). The transactions included two equity capital markets (ECM) transactions worth KWD105mn, three debt capital markets (DCM) transactions valued at KWD247mn and five M&A transactions amounting to KWD130mn.

Also during the year, the Company took a leading role as an advisor in the bidding process organized by the Capital Markets Authority ("CMA") of Kuwait for the privatization of a strategic 50% equity stake in Boursa Kuwait Securities Company ("Boursa Kuwait"). The effective management of this landmark transaction led to attracting several international and local investors bidding the maximum equity allocation authorized by the CMA for investors and finally closing the transaction with a 73% premium to the minimum set price. The team was also the lead manager for the successful IPO for the remaining 50% share in Boursa Kuwait offered between the 1st of October and 1st of December 2019, the second phase of Boursa Kuwait's privatization process. The shares were offered to Kuwaiti nationals and generated strong investor interest with 83,000 subscribers and an oversubscription of 8.5 times. In light of the outstanding performances, the Investment Banking team was awarded the "Best Debt Bank in the Middle East – 2019" from Global Finance.

Oula Wasata, the brokerage arm of Kamco Invest, continued executing a market-targeted and process-centered strategy with focus on institutional clients, which resulted in increasing its market share in 2019. The team effectively launched a multi-market solution in Kuwait and Jordan, which is a multi-feature state-of-the-art platform accessible through a single account that facilitates clients' access to multiple markets under one umbrella. The team continued to implement various phases of market developments in accordance with the regulatory requirements, whilst ensuring the highest compliance culture.

As one of the region's recognized thought leaders, placing great emphasis on the importance of relying on data-driven investment decisions, Kamco Invest aims to enhance the financial and investment knowledge and awareness of the public to garner informed investment communities. As a result, the Company's timely insightful valuations, latest market trends, financial analyses and outlook reports play a key role in facilitating investment decisions. In 2019, the Research team achieved unmatched success maintaining its high reputation and further strengthening Kamco Invest's thought leadership position. The team collaborated with external agencies to support studies focused on economic growth in the country and region, publishing the highest number of research reports in the country quoted by regional and international media and financial information dissemination platforms.

Company Strategy Amid Coronavirus Pandemic

Following the AGM, the Company held its 2020 Shafafiyah Investors Forum during which the CEO discussed the measures taken by the Company in response to the unprecedented global crisis triggered by the Coronavirus pandemic (COVID-19). The impact of the Coronavirus disrupted government entities, the private sector and economy since March 2020 (Kuwait since 11th March 2020), which led to a sharp decline in oil prices with the price per barrel dropping to below USD10, as well as capital markets around the world suffering from deep declines with some markets losing more than 30%.

Kamco Invest's Executive Management team devised a strategy consisting of four pillars:

- Ensuring the health and safety of all employees who are the Company's greatest assets
- Maintaining the interests of all stakeholders to overcome this period with minimal losses
- Prepare for a strong comeback after the pandemic subsides
- Commit to social responsibility and provide support through available channels

Sarkhou said, "Since the beginning of the pandemic, we studied a number of scenarios and measures to be taken in accordance with government regulation and the impact of these decisions on business continuity. Considering these guidelines, we formulated a strategy that has proven to be effective in managing our operations during the partial curfew period or the total lockdown. We also enforced a number of measures to rationalize operating expenses to cope with the current market conditions and the Company's strategy."

Despite these challenges, the operational plan emanating from the four pillars strategy and the dedication of the teams resulted in interruption-free services to clients, while achieving several accomplishments during this period. The Company successfully attracted investments from clients amounting to over USD60mn and continued to achieve an outstanding level of performance in equity funds and managed portfolios, exceeding benchmarks. Kamco Invest also acquired an income-generating property in the USA, raising the managed real estate value to over USD1.1bn. Simultaneously, the Company exited from a USA property generating a 22.8% return in favor of clients. The Special Situations Asset Management team continued exit negotiations with several parties on behalf of clients and initiated discussions with local parties for the possibility of signing a new investment portfolio management mandate.

The Investment Banking team launched a strategic initiative to support companies in battling the ongoing crisis. This initiative was shared with a number of clients, which resulted in securing new consulting mandates.

First Securities Brokerage Company, Kamco Invest's brokerage arm, continued to provide its services to clients without interruption while increasing market share and attracting new clients through the online trading platform. The Research team published periodic reports, provided key information and data to media agencies, released specific reports on economic matters related to the pandemic.

Concerning the future roadmap, Sarkhou stated that Kamco Invest will continue to consistently monitor ongoing developments related to legal proceedings, logistics, public health, business matters, or other developments regarding additional measures that can be newly added or applied to current continuity plans. Implementing new strategies and methods derived from the current crisis will serve as a learning curve to improve the performance and productivity of the Company in the future. Sarkhou added that the Company will continue to maintain clear communication with stakeholders, and closely monitor new trends and behavioral changes that will inevitably lead to the formulation of new standards and investment opportunities after overcoming the current crisis.

Kamco Invest held its Annual General Meeting for the fiscal year ended 31 December 2019 where shareholders approved all agenda items and elected the Board of Directors for the next 3 years.