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## [Kamco Invest reports KWD3.9mn losses impacted by unrealized losses](#)

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The results were impacted by Coronavirus pandemic which disrupted government entities, the private sector and economies since March 2020. Brent Crude Oil and the MSCI GCC Index dropped by 65.5% and 24.6% respectively during the first quarter. During the second quarter, markets around the world witnessed partial recovery but remained in the red and Brent Crude Oil and the MSCI GCC Index narrowed their losses to end the first six months of the year losing 37.7% and 16.4% respectively.

On the business level, Kamco Invest had a very positive start for the year following the landmark successful completion of the merger with Global Investment House and has reported 16.2% increase in fee & commission income in Q1 2020 compared to last year reaching KWD5.5mn. With the slow of business starting March 2020, fee & commission income was affected and closed the first half with KWD8.3mn, a decrease of 4.7% compared to same period of last year.

During the 6 months period and despite the unprecedented challenges, the company continued providing its clients with interruption-free services and distributed cash dividends to its shareholders for the fiscal year 2019 amounting to KWD1.7mn.

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As at the end of June 2020, total assets under management stood at KWD3.8bn (USD12.4bn), a decrease of 7% compared to 31 December 2019. Equity funds and managed portfolios continued to outperform their respective benchmarks and three funds were recognized by the 2020 Refinitiv Lipper Fund awards for their consistent risk-adjusted performance relative to peers.

Kamco Invest successfully attracted investments from clients amounting to over USD60mn, distributed around USD31mn to clients (capital and income distributions) and acquired an income-generating property in the USA, raising the managed real estate value to over USD1.2bn. Simultaneously, the Company exited from a managed 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.

Investment Banking successfully played the role of joint lead manager for three debt capital market transactions, two regional offerings in US Dollars and one for a local bank in Kuwaiti Dinars, for a total amount equivalent to USD1.3bn. The team also launched a strategic initiative to support companies in battling the ongoing crisis. This initiative was shared with several clients, which resulted in securing new advisory 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.

Furthermore, Kamco Invest managed to rationalize its cost base where general and administrative expenses dropped by 32.4% compared to 6M 2019 to reach KWD6.7mn. During the first quarter, general and administrative expenses dropped by 18.7% compared to Q1 2019 to reach KWD4.3mn and during the second quarter the company enforced a number of measures to further rationalize its operating expenses to cope with the market conditions and the Company's strategy post-merger completion which have resulted in a considerable drop of 48.4% compared to Q2 2019 to reach KWD2.4mn.

Faisal Mansour Sarkhou, Chief Executive Officer, said, "The Company enjoys a strong financial position with KWD48.5mn in shareholders' equity as of 30 June 2020 and a "BBB" long-term credit rating and "A3" short-term rating with stable outlook by Capital Intelligence in their latest review in June 2020."

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He added, “Retaining the level of our fee-based income during extremely difficult economic and operating conditions is a testimony of our robust business model and strategy adopted following the completion of the merger in December 2019. Despite all the difficulties and challenges we faced, we were able to sign new mandates, close deals, attract new clients and raise funds for new and existing products. We have also expedited our digitization drive which was key to our post-merger strategy while ensuring our existing systems and processes handled the situation of remote working and serving of our clients.”

Sarkhou concluded, “With the return to normalcy and its positive effect on businesses and the financial markets, we expect to reverse some of the unrealized losses. We will continue to 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 announced its financial results for Q1 and Q2 of 2020 and the 6M period ending 30 June 2020. The Company reported a net loss attributable to equity holders of the company for the 6M 2020 of KWD3.9mn (net profit attributable to equity holders of the company of KWD1.1mn in 6M 2019). It has reported net loss attributable to equity holders of the company of KWD4.6mn in Q1 2020 impacted by the sharp decline of the financial markets, and a profit attributable to equity holders of the company of KWD0.7mn in Q2.