

## Business

# Kamco Invest hosts webinar on managing downside risk to achieve long-term goals

## Investment managers rely on alternative asset classes, most notably hedge funds

**KUWAIT:** Kamco Invest, a regional non-banking independent financial powerhouse with one of the largest AUMs in the region, hosted a webinar discussing the management of downside risk to achieve long-term outperformance in capital markets. The webinar touched on some of the necessary actions to consider through the eyes of accomplished managers who possess a history of managing client portfolios with same objective in mind.

Faisal Al-Othman, Director of Third-Party Solutions at Kamco Invest, moderated the discussion with Cedric Kohler, Head of Advisory at Fundana, a Geneva-based independent boutique specialized in Alternative Investments, and Hedge Funds managing around \$1.3 billion. Cedric provided valuable insights on the benefits of managing portfolio drawdowns to achieve long-term performance objectives, achieving downside limitation with solid upside participation in a portfolio, how investors should position themselves for some of the key events anticipated in 2021, as well as the tools, strategies and exposure investors should look for or consider to achieve their investment objectives.

Al-Othman commenced by briefly highlighting the exceptional year financial markets witnessed in 2020 despite the challenging global economic environment triggered by the pandemic. The emergence of the novel coronavirus triggered the sharpest quarterly drop in global GDP and the highest unemployment rate since the Great

Depression. He emphasized that regardless of the circumstances, it is essential for money managers to constantly assess the landscape and develop innovative strategies to navigate such tumultuous markets in favor of each client's investment objectives.

Managing a portfolio's downside, while ensuring proper diversification to mitigate the violent shifts in market trajectories is always paramount to achieving positive results for clients. To achieve such objectives, money managers rely on their exposure to alternative asset classes, most notably hedge funds, to outperform during these violent shifts. Consequently, the mitigatory techniques implemented by asset managers aid in delivering risk adjusted returns in the long-term to clients irrespective of market conditions.

2020 reminded investors that protecting capital during market drawdowns is key to performing over time. Kohler emphasized that well-chosen long/short equity managers can structure an excellent defensive equity allocation when it comes to that. These managers can provide equity-like returns but with significantly reduced risk. The lower volatility of these investments enables investors to stay invested over the long run, a key requirement for generating top tier performance.

Kohler added that finding a long/short equity manager is a no-brainer but finding one who will generate outstanding performance over an investment cycle is much more complicated. In fact, the



difference between the outperformers and laggards - the return dispersion - is double that of their long-only peers. So even if a client selects two long/short equity managers, one could be up 20 percent while the other down 20 percent in the same year. Therefore, hedge fund manager selection requires experience, discipline, and the time to undertake deep-dive analysis, which are generally only possible with a dedicated specialist advisor.

The managers who navigated 2020 well, Kohler explained, will be in a very strong position to continue that success in 2021. The outperformers tend to know when to focus on fundamentals and when to focus on portfolio management. They know when to participate in the euphoria and when to have disdain for the irrationality. They are able to identify vantage points in market rotations such as growth vs value, by analyzing stocks through a

prism that combines COVID impact, secular trends (e.g. "Access Anywhere Anytime to All Things") and cyclical ones (e.g. higher interest rates due to inflation).

Al-Othman concluded by emphasizing that Kamco Invest aims to not only provide clients with access to global opportunities, but also offering valuable insights that can assist clients in making better informed investment decisions with regards to their portfolios. The Company will be hosting its next webinar in collaboration with M7 Group, a leading specialist in the pan-European, regional, and multi-tenanted real estate market, to provide Middle East investors with deep insights into opportunities and risks facing investors in the market. For every challenge lies an opportunity and Kamco Invest positions itself to guide its clients through the multitude of challenges ahead.

## Al-Tijari announces winners of Al-Najma account campaign

**KUWAIT:** Commercial Bank of Kuwait conducted the weekly draws on Al Najma Account and Salary Transfer Campaign yesterday. The draws were conducted in the presence of Ministry of Commerce and Industry representative Ahmad Al-Basman.

### The results of the draws were as follows:

1- Al-Najma weekly account - the prize of KD 5,000 went to the winner Diyaa Abdullah Al-Harere

2- Salary account campaign - the prize of up to KD 1,000 went to the winner Khaznah Khaled Al-Khalid

The bank stated that the salary campaign is aimed at customers who transfer their salaries of KD 500 or more to the Bank, especially Kuwaiti employees and residents working in the government, oil sectors and companies listed with the Bank as well as retirees, and take advantage of the benefits of this campaign and get an instant cash gift from KD 250 to KD 500 Kuwaiti Dinars or an interest-free loan of 5 times the salary and a maximum of KD 10,000, Kuwaiti pensioner, along with expatriate customers who transfer their debt amounting to KD 10,000 or above to the bank will receive an instant cash gift of 1 percent from their transferred debt.

The Bank stated that Al-Najma Account prizes are distinguished by the highest cash prize and diversity of prizes throughout the year clarifying that the account offers weekly prize of KD 5,000, monthly prize of KD 20,000 and a semi-annual prize of KD 500,000 in addition to the largest prize - linked bank account payout of KD 1,500,000.

Al-Najma Account can be opened by depositing KD 100, and customer should maintain a minimum amount of KD 500 to be eligible to enter all draws on Al-Najma Account prizes. As for the chances of winning, the more balance a customer maintains in Al-Najma Account, the more chances the account holder will get to win, the account also offers additional benefits like the ATM card, a credit card against customer's account and all CBK banking services that customer can enjoy.

The bank revealed that Al-Najma account is available to everyone, and anyone can open Al-Najma account through CBK mobile application in simple steps from anywhere and at any time.

## KIPCO launches Generation Alpha in partnership with Eighty Percent and Al-Rai Group

**KUWAIT:** Kuwait Projects Holding Company launched Generation Alpha program in cooperation with Eighty Percent, a socially-driven sports management company. The program sponsors athletic champions between the ages of seven and 12, who have won international medals and championships, and it is considered to be a new initiative that KIPCO worked on within the framework of the group's social responsibility, in addition to the pillars that the group works on, such as education, developing youth, supporting and empowering women and health.

Generation Alpha was launched last October, after a work process that lasted nearly three consecutive months, which included photo sessions for fifteen young athletes under challenging conditions in light of the outbreak of (COVID-19), taking into account all necessary precautions and following health instructions.

These episodes were uploaded on "ALAAAN" application launched by "KIPCO" last summer, which is a modern Kuwaiti digital platform, designed for the Kuwaiti community during the pandemic, when it became necessary to move to the digital and social media world. ALAAAN application allows Kuwaitis and residents to play an important role in developing the community in various fields and interacting with different issues in the society.

Six episodes were filmed to be broadcasted in the first season of Generation Alpha on Al-Rai TV channel that showcase success stories of these heroes and their talents, through which they demonstrate their discipline, enthusiasm and energy by practicing various types of fun sports from horseback riding to gymnastics, which are considered a source of inspiration for those with a passion for sports at this age.

On this occasion, Abeer Al-Omar - Executive Director of Social Responsibility at Kuwait Projects Holding Group (KIPCO) - said about this joint coop-

eration: "This is KIPCO's first experience in supporting multiple sports for the young generation. We believe that investing in those energies and sports innovations at an early age would create golden opportunities to create a distinguished generation of champions in the future."

Al-Omar added: "The cooperation came with Eighty Percent, as it is a community-based institution that focuses on sports, especially women and youth sports." It is noteworthy that Rabaa Al-Hajri - General Manager of Eighty Percent, and Rawya Al-Hajri - CEO of Eighty Percent - are members of Munjiza platform launched by KIPCO in 2019, in cooperation with Burgan Bank, which is a prominent member of KIPCO. This project achieves the goals of Munjiza that creates partnerships between institutions and organizations of public benefit and non-profit companies with the private sector that sheds light on women's issues, as there are six female players in the first season of Generation Alpha."

Al-Omar also praised the strategic partnership of KIPCO with Al-Rai Media Group: "Al-Rai Group has been the media partner of KIPCO for six years, and the partnership continues as a successful model for partnerships between private sector institutions to contribute to the development of society."

Al-Omar concluded: "We are pleased to launch Generation Alpha in cooperation with private and civil local sectors, which reflects the company's principles in achieving social responsibility and creating partnerships for a better society. I also salute all parents who collaborated together to work on presenting this program in an honorable manner that carries the collective work of the society to raise the name of Kuwait."

Rabaa and Rawya Al-Hajri - co-founders of Eighty Percent Community, said: "One of the main goals of Eighty Percent is to empower society through sporting programs and events, and Generation Alpha is one of



Abeer Al-Omar



Rawya Al-Hajri

the most important programs that we have worked on, as it sheds light on athletes at young ages and provides them with an important platform to share their success stories and preparations to achieve their sports dreams with the community."

Ziyad Majzoub - General Manager of Sales and Marketing and Vice President of Al-Rai Media Group - stated that Al-Rai Group is always pleased to support the leading companies in Kuwait, especially KIPCO, in their efforts to serve the Kuwaiti community, and based on the social responsibility it bears towards its readers and viewers. He also declared that working with KIPCO is a distinguished strategic partnership that always aims to enrich the Kuwaiti society and benefit it with distinct and new content that keeps pace with its aspirations and orientations.

Majzoub noted that this cooperation is not the first between Al-Rai Media Group and KIPCO, as it was preceded by more than one cooperation, including, for example, the partnership that took place in 2017 in the "From Heart to Heart" campaign to raise awareness on heart disease, and the continuous cooperation on ALAAAN application, where Al-Rai provides the news content in the "What is Happening?" section of the app. He also stated that the cooperation between the two institutions in Generation Alpha will not be the last and will be followed by more than one cooperation in various projects.

## NBK extends validity of NBK Miles

**KUWAIT:** National Bank of Kuwait (NBK) is keen to preserve the rights of its customers and to meet all their needs in an easy and convenient way, while keeping them safe under the prevailing exceptional circumstances. To this end, the bank has extended the validity of NBK Miles Points available for NBK Credit Cardholders expiring in January 2021 until June 2021.

This extension gives NBK Customers the opportunity to use NBK Miles at a later time to allow them get the utmost benefits when life returns back to normal. Customers earn NBK Miles Points when using the following NBK Credit Cards: Visa Infinite Credit Cards, World Elite Mastercard, NBK Miles World

Mastercard and Visa Signature.

On this occasion, Surajit Banerjee, Head of Credit Cards Product, National Bank of Kuwait said: "NBK is keen on the safety of its customers and is committed to preserve their rights and give them the utmost benefit from the reward programs provided to them, in view of the prevailing exceptional circumstances." Banerjee pointed out that the extension of the validity of NBK Miles Points comes as part of the bank's endeavors to provide the required support to customers by all means, so that they benefit from their points in an easy and convenient way once these exceptional circumstances come to an end. Banerjee noted that NBK Credit Cards give customers the opportunity to take part in the campaigns launched all year round. Customers also enjoy a unique lifestyle thanks to the many benefits offered by these cards to their holders, ensuring they enrich their banking experience at all times.

Customers earn NBK Miles Points every time they shop in stores or online, withdraw cash, or make any

other payment transaction

inside or outside Kuwait as well as when using their cards while traveling. They can redeem their points online to book flights with 800 airlines, or an accommodation with 150,000 hotels or rent a car at leading car rentals from around the world. Customers can also exchange their points with any other airline rewards program participating in the NBK Miles Program.

NBK Credit Cards are the best and convenient method to make payments and give customers access to many benefits, especially when using their credit card for shopping, including the NBK Rewards Program, NBK Miles Program, NBK Secure Shopping, and warranty extension service.



Surajit Banerjee

### NBK Money Markets Report

## Fed holds key rate steady amid weak US economic data

**KUWAIT:** In its first monetary policy meeting of the year, the US Federal Reserve delivered a slightly dovish tone as it held its main interest rate close to zero and kept its asset purchases steady. The central bank described a waning in the recovery evident by weakness in economic data. In its statement, the FOMC said: "The pace of the recovery in economic activity and employment has moderated in recent months, with weakness concentrated in the sectors most adversely affected by the pandemic." The moderation in activity led Powell to state it is now "too early to focus on tapering dates" as the economy is still far from its inflation and employment goals.

Markets are expecting interest rates to be

stagnant near the 0 percent levels until 2023. If we took a look into the Fed Funds Futures it is pricing 0 hikes and/or cuts until January of next year. Nevertheless, economic recovery especially when it comes to the labor market and inflation targets will be main catalysts for changes in monetary policy, as Fed Chairman Powell keeps reiterating in his remarks.

The US dollar rose as a "short squeeze" led to an unwinding of risky positions as investors worry massive losses by hedge funds could force liquidation of other investments. The retreat in stocks and rise in US dollar saw the Dow Jones drop to a 3-month low while the S&P 500 index lost 2.24 percent of its value. Looking at Treasuries, the yield on the US 10-year note declined though remained above the 1 percent mark as its safe-haven appeal attracted investors after the growing concerns of retail-traders speculations in the equity market in certain stocks.

### IMF report

The IMF released its updated projections for

real GDP growth last week. From the last release in October, there has been a substantial upward revision to the US GDP forecast with most of Europe downgraded. The US is now forecast to grow by 5.1 percent in 2021 with the \$900 billion fiscal stimulus package agreed in December explaining much of that revision. President Biden's latest package that is being negotiated in Congress (\$1.9 trillion) is not at all incorporated into the IMF projections implying a further substantial upward revision is possible. The IMF estimates that package if passed in full could add a further 1.25 percent to US GDP growth this year and 5.0 percent over the next three years.

The IMF does make some very crucial assumptions - one that is widely shared amongst market participants and one that is much more debatable. The first is that the vaccination roll-outs accelerate and importantly is quicker than any further developments of mutated variants that could cause the COVID crisis to worsen again. This is certainly what is currently priced into asset prices.

### US GDP rebound

Despite increased restrictions and lockdowns and hence significant drop in economic activity, real GDP grew at a solid pace in the fourth quarter of 2020 in the United States. Real GDP rose 4.0 percent on quarterly annualized basis in Q4 2020, a touch below consensus expectations. The recovery still didn't make up for a bad first quarter and a historically awful second quarter. For 2020 as a whole, GDP decreased by 3.5 percent from the prior year. That was the worst decline since 1946. It was the first time US GDP declined since 2009, when it fell 2.5 percent during the financial crisis.

### US consumer confidence

Consumer confidence in the US rose slightly in January to a reading of 89.3 from 87.1 in December. The gain reflects optimism following the release of vaccines as well as the \$900 billion in additional pandemic relief provided by the government. So far in the US, more than 25 million people have been infected with COVID-19 while about 6 percent have been vaccinated.

President Joe Biden has vowed to conclude 100 million doses during his first 100 days in office

### Lagarde's speech

ECB president Christine Lagarde said last Monday that 2021 could be a year of recovery, but that would most likely be accompanied by a "very high level of uncertainty" before achieving the transition to a "new economy". In an online panel discussion for the World Economic Forum, Lagarde said that data from the fourth quarter of 2020 indicated that the "journey to recovery" in the Eurozone has been "somewhat delayed but not derailed" as a series of lockdown measures and restrictions have had to be rolled out despite the positive progress in vaccinations.

The euro showed no immediate reaction to the comments as it kept trading in a narrow range throughout the week from 1.2060 to 1.2180.

### Kuwait

Kuwaiti dinar USD/KWD closed last week at 0.30285.