

Al Watani Fund 2 (for Non Qatari) - Monthly Report for October 2021

Investment Objective

The primary aim of Al Watani Fund is to outperform the benchmark S&P Index while seeking to reduce the risks associated with the investment

Total Net Asset value (in QAR)

8,432,720

Total Net Asset value per unit (in QAR)

21.60

Fund Information	Particulars	Performance Summary	WF2	Index
Fund Type	Open-End Fund	Since Inception (Oct'2005)	116.00%	-13.63%
Currency	Qatari Riyal	Year 2015	-11.60%	-15.11%
Regulator	Qatar Central Bank	Year 2016	-0.57%	-2.93%
Fund Manager	QNB Suisse SA	Year 2017	-9.80%	-16.30%
Subscription/Redemption	Monthly	Year 2018	20.60%	15.53%
Management Fee	1.5% p.a	Year 2019	2.18%	-3.27%
Auditor	KPMG	Year 2020	7.55%	0.55%
Custodian	QNB	MTD (October 2021)	1.17%	1.69%
Benchmark Index:	Standard & Poor's Qatar Domestic Index (Custom)	YTD (2021)	15.76%	12.90%
		Beta	0.83	1.00
		Standard Deviation*	20.69%	23.70%

Fund Manager Comment

Performance for the Month

The benchmark gained 1.69% while the Qatar Exchange index gained 2.43% in October 2021. The QE Islamic Index also gained 0.50% however, growth decelerated compared to last two months. The price action exhibited by the QE index suggests more positive movement in the coming months while the QE Islamic index could reverse its upward trending given the weakness during the month. Global equity market reversed the previous months losses as risk on sentiment prevailed in the markets. MSCI World gained 5.66%; Developed world markets represented by the S&P 500 index gained 7.01% and MSCI EM index gained 0.99%. Global commodity complex extended previous gains by 2.58% as indicated by the Bloomberg commodity index. Brent Crude oil benchmark had another strong performance gaining 7.75% during the month. Foreign Institutional Investors resumed buying with net inflows of USD 45 Mn. Regional markets were mostly in the green; Kuwait was the best outperformer. In year to date 2021 the fund's NAV increased by 15.80% vs. 12.90% increase in the benchmark index, outperforming by 2.90%.

Market Review

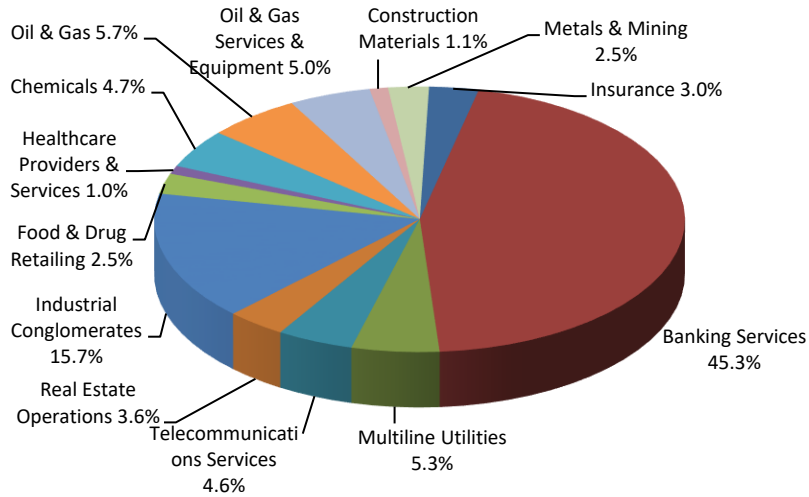
9M2021 earnings growth was strong. Optimistic economic projections, robust vaccination drive and easing of the Covid-19 restrictions have helped the listed firms post a strong double-digit YoY growth in the overall net earnings during the first nine months of 2021. The net earnings' growth was driven by Industrials, Banking, Insurance and Consumer Goods sectors. The listed companies' total net profit soared 35.86% YoY to QR33.48bn during 9M2021. The banking and financial services and industrials sectors together contributed more than 86% of the cumulative net profits in 9M2021. The industrials sector, which has 10 listed constituents, saw a huge 228.74% YoY increase in net profitability to QR9.41bn against a 36.32% decline in the year-ago period. The sector contributed more than 28% to the overall net profitability of the listed entities during January-September 2021.

Portfolio Investment Strategy

Longer term fundamentals for Qatar are positive. In the short term, strong momentum is proving more important than valuations which will continue as long as economic and monetary conditions remain supportive. The overbought conditions have now eased with a sideways correction so another move up could occur from here. Any major correction in the index will be an opportunity to buy Qatari equities.

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Sector Allocation



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