

Al Watani Fund (for Qatari) - Monthly Report for May 2022

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)

16,669,409

Total Net Asset value per unit (in QAR)

25.88

Fund Information	Particulars	Performance Summary	WF	Index
Fund Type	Open-End Fund	Since Inception (Oct'2005)	158.80%	-6.18%
Currency	Qatari Riyal	Year 2016	-0.49%	-2.93%
Regulator	Qatar Central Bank	Year 2017	-10.13%	-16.30%
Fund Manager	QNB Suisse SA	Year 2018	20.57%	15.53%
Subscription/Redemption	Monthly	Year 2019	2.25%	-3.27%
Management Fee	1.5% p.a	Year 2020	7.71%	0.55%
Auditor	KPMG	Year 2021	17.41%	12.70%
Custodian	QNB	MTD (May 2022)	-3.76%	-4.82%
Benchmark Index:	Standard & Poor's	YTD (2022)	12.69%	8.83%
	Qatar Domestic Index (Custom)	Beta	0.82	1.00
		Standard Deviation*	20.33%	24.56%

Fund Manager Comment

Performance for the Month

The benchmark declined 4.82% in May 2022. The Qatar Exchange registered its first monthly decline in 2022 following four straight months of gains. Both the QE and QERI indices lost 4.94% and 4.46% respectively. The market breath deterioration in the previous month translated in to a full-blown selling pressure in the large cap index stocks as risk aversion permeated the market. Only two of the seven sectors registered gains; Transports and Insurance sectors. Global equity market posted marginal gains as a relief rally towards the end of the month helped to boost risk appetite. MSCI World gained 0.08%; Developed world markets represented by the S&P 500 index were unchanged and the MSCI EM index gained 0.44%. Global commodities extended their uptrend in May gaining 1.44% however, further analysis shows that energy is the only component that is showing strength within the composite; Base metals, precious metals and soft commodities are rolling over. Brent Crude oil benchmark had another strong month gaining 14.65% on the back of heightened geopolitical risk premium and tightening supply conditions. Foreign Institutional Investors extended net buying of USD 476 mn. Regional markets were mostly in the in the red; Dubai Financial Market was the worst performer losing 10.04%. In year to date 2022 the fund's NAV increased by 12.69% vs. the benchmark index up 8.83%, outperforming by 3.87%.

Market Review

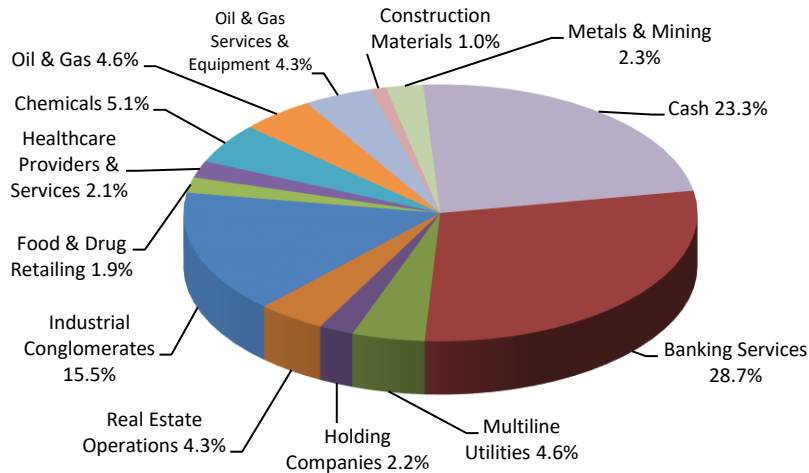
MSCI rebalancing was the key event for the month. In the Semi Annual Index Rebalance, MSCI increased the weight of Qatar Islamic Bank (QIBK), Masraf al Rayan (MARK) and QNB Group (QNBK) leading to an inflow at month-end. However, given the MSCI used a lower foreign inclusion factor than earlier expectations, the stock price corrected vs expectations of higher inflows. For the QE index, MARK, QNBK, and QIBK were the primary negative contributors, while Nakilat (QGTS), Baladna (BLDN) and MPHIC positively contributed to the index. For QERI Index, MARK, QAMC and QIBK were the primary laggards while MPHIC, BLDN and GWCS were the top 3 positive contributors to the QERI Index.

Portfolio Investment Strategy

The Qatar market is indecisive. Many large cap stocks are trading at high valuations which means the index could struggle to make new highs again this year. A lot will be dependent on mid and small cap stocks taking over market leadership to see whether we can return to 2022 highs or whether we continue to trade sideways. Overall Qatar is fairly priced as cheaper valuations reflect less attractive economic prospects relative to regional equities.

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Sector Allocation



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