

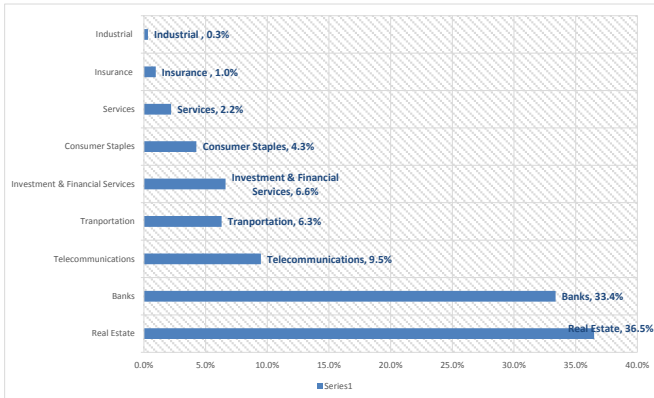


# ARZAN FINANCIAL GROUP

## ASSET MANAGEMENT

### Dubai Market Report (4Q 2016)

#### Sector Weight by Market Cap.

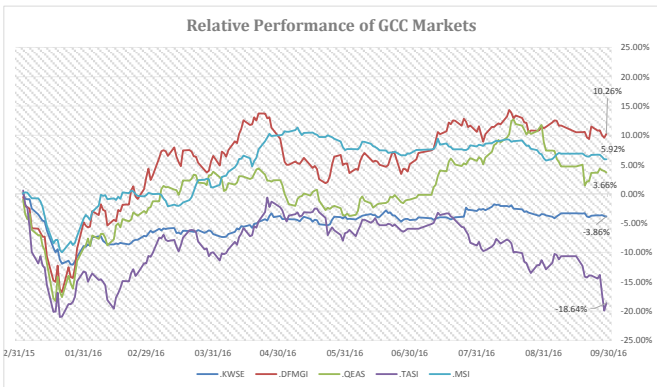


#### Top 10 Companies by Market Cap.

Company Name	Mkt Cap (AED Mn)	% Weight from Total Mkt Cap	P/E (x)	ROE* (%)
Emaar Properties PJSC	50,831	16.22%	11.26	11.36
Emirates NBD Bank PJSC	45,349	14.47%	6.74	13.98
Emaar Malls Group PJSC	35,397	11.29%	18.50	12.11
Emirates Integrated Telecommunications Company PJSC	29,714	9.48%	15.06	23.90
Dubai Islamic Bank PJSC	26,785	8.54%	6.96	17.11
Commercial Bank of Dubai PSC	15,414	4.92%	17.10	11.75
Damac Properties Dubai Co PSC	13,915	4.44%	3.96	39.24
Mashreqbank PSC	12,648	4.03%	5.65	12.51
DXB Entertainments PJSC	12,639	4.03%	-	-2.32
Dubai Financial Market PJSC	10,480	3.34%	52.94	2.54
		13.60%		

\*ROE is calculated based on TTM net profit & shareholders' equity  
Source: DFMGI, Arzan Asset Management & Thompson Reuters

#### Relative Performance



#### Market Commentary

A very interesting year for the Dubai market, with impressive achievements and market activity in Q1 and it lasted till the ends of the first half. Then the typical scenarios came into place and the staggering oil prices fused the market prices down and a bit of sentiment, however volumes and activity remained in full energy. The conclusion of this down fall is a result of 1. the price correction in the DFMGI as well as minor in spills of the impact of low oil prices. highlighting the fact that the emirates and Dubai specific have not been hurt the same way its neighboring GCC countries have because of their minor dependence on Oil generated revenue. The key highlights of this year so far have been the buildup of immense project to cater to the Dubai 202 Expo which is the showcase of Dubai as the leading touristic destination in the Gulf region. so basically the theme is to polish Dubai in all of its forms and showcase a stable investment environment for foreigners specifically. As you can see in the above-right graph trade prices in the market have continued to increase even when volumes were hurt pre q2 wave. what does this say? it clearly shows the highly anticipated investor momentum for the country. As the year comes to a close the usual discount sales are starting up heat up with blue chips taking the lead with very attractive prices.

#### Market Capitalization - Sector's Return

Market Cap. (AED Mn)	MTM Chg	MTD % Chg	QTD % Chg	QTD % Chg	YTD Chg	YTD % Chg
Dubai Financial Market	313,479	▲ 16.54%		▼ -6.03%		▼ -9.31%
Real Estate	104,597	▲ 22.55%		▼ -8.73%		▼ -12.21%
Banks	114,407	▲ 12.75%		▼ -0.16%		▼ -1.61%
Telecommunications	29,714	0.00%		▼ -20.06%		▼ -21.54%
Transportation	19,730	▲ 16.63%		▲ 1.81%		▼ -8.30%
Investment & Financial Services	20,749	▲ 25.60%		▼ -5.72%		▼ -5.15%
Consumer Staples	13,336	▲ 7.55%		▼ -17.04%		▼ -31.78%
Services	6,914	▲ 7.33%		▼ -4.75%		▼ -16.23%
Insurance	2,998	▲ 13.60%		▲ 4.32%		▲ 2.46%
Industrial	1,033	▼ -0.86%		▲ 19.66%		▲ 20.48%



	2013	2014	2015	2016
Standard deviation daily	1.41%	2.45%	1.62%	0.94%
Variance daily	0.020%	0.060%	0.026%	0.009%
Number of trading days in a year	249	251	251	200
Annualised Variance	4.98%	15.11%	6.57%	1.76%
Standard Deviation Annualised	22.33%	38.87%	25.63%	13.25%

#### January (Annualised Std Deviation of Daily Returns)

Market Volatility	2016	2015	2014
Dubai Financial Market General Index	13.3%	25.6%	38.9%
KSE Price Index	7.4%	8.1%	10.4%
Tadawul	15.7%	25.1%	22.0%
Dow Jones Index	9.2%	16.5%	11.5%
London Stock Exchange Index	23.3%	33.6%	21.7%
Hang Seng Index	14.0%	23.3%	13.3%

\*\*Standard deviation is a measurement on the risk associated with stocks/index and a quantified estimate of the uncertainty of returns.

Dubai Daily Flows as of 28/9/2016	Buy \$mn	Sell \$mn	Net \$mn	Share in Trading %
UAE	46.891	51.546	-4.655	61%
Arab	11.709	11.189	0.519	14%
GCC	7.022	7.075	-0.053	9%
Others	15.240	11.051	4.189	16%
Retail	49.255	44.494	4.761	58%
Institutions	31.606	36.367	-4.761	42%

	Est. Net Flows \$ mn				Foreigners (Exc. GCC & Arabs)
	1-day	WTD	MTD	YTD	
Total	5.480	13.657	71.307	1,713.88	10.4%
ADX	-0.048	1.366	28.441	996.718	8.2%
DFM	5.528	12.291	42.866	717.159	13.8%

\*\*Based on EFG hermes morning comments

