

Arzan Wealth builds financial cushion

Protecting and preserving clients' wealth amid a volatile economy has been their raison d'être, says CEO **Muhannad Abulhasan**.



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The global financial crisis has left many private investors wary of risk – and it comes as no surprise as an immense volume of wealth were written off during the period. In a post-crisis era, investors have become more cautious, according to Muhannad Abulhasan, CEO of financial advisory firm Arzan Wealth.

“Investors were more attracted to higher safety investment profiles with greater transparency and where risk is much more controlled. They also prefer dealing with asset managers they know and trust,” he said.

Arzan Wealth's investment philosophy has been grounded on this psychology, offering their high-net-worth clients with investment opportunities that provide high security on the principal and a steady and predictable income flow through a monthly payment feature.

LOW-RISK APPROACH

Abulhasan said their firm is able to offer this proposition by following a set of criteria, which include choosing markets with mature and diverse economies, clear and transparent legal structure and a relatively simple tax regime that maximises returns and minimises tax leakage. For now, these markets can be found in Europe, particularly the United Kingdom, and the United States although Arzan Wealth is not discounting the possibility in the future of considering mature markets in the Far East.

They also conduct due diligence on the investment. For example on real estate assets, Arzan Wealth carefully considers the location, the type of tenant, the credit quality of the tenant and the length of lease.

In addition, Abulhasan said, they take a deliberately conservative leverage structure on the investment by limiting their loan to value (LTV) – a lending risk assessment metric used to determine a mortgage's risk factor – to 60%. Despite the availability of opportunities that could boost returns by taking on higher risks, the CEO said they have shied away from risk-intensive prospects to assure clients that their principal is highly protected.

“Our reputation is built on the delivery of results from the point of view of preserving and protecting the legacy of our clients for their future generation. This we do by ensuring that the investments are well managed in a low-risk manner,” Abulhasan added.

GROWTH PROSPECTS

Operating out of the Dubai International Financial Centre, Arzan Wealth is a 100%-owned subsidiary of Kuwait-based Arzan Financial Group for Financing & Investment. Since be-

ing incorporated in March 2013, Arzan Wealth has posted impressive growth, with an actual asset base valued at over USD400 million.

“The assets we have advised on have performed as expected, with some even outperforming expectations. One asset, for example, has allowed our clients to distribute a special dividend at the end of 2013 on top of their monthly dividend,” said Abulhasan.

Aside from high-net-worth individuals, family businesses and corporate entities, Arzan Wealth's client base also include insurance companies, which Abulhasan said is very telling as it validates their business model.

“Insurance companies definitely attuned to the safety and security of principal, as well as to the predictable monthly income stream. I'm particularly satisfied that they have put their trust in our services,” he said. ●



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