

Institutional

investors keen on investing in Gulf

DUBAI Shweta Pathak

Institutional investors are once again seeking opportunities to invest in Arab markets.

Silk Invest, an asset management firm, said it received \$10 million (Dh36.7m) from a European investor for its Arab Fund and more institutional investors saw markets in the region as more attractive than other regions.

Analysts expect regions' markets to gain another 20-30 per cent by the end of this year.

Upbeat on the region, Silk Invest will launch a fixed income fund focusing on this region in October.

Markets in the region, that have seen an average of 30 per cent increase from their lowest point against more than 100 per cent recorded in other markets such as China, are much attractive compared to other markets due to potentially higher returns and, at the same time, lower risks.

"Institutional investors see a big potential in Gulf markets. Only last week, we



“

We are planning to increase our allocation to these markets for our existing funds

Zin Bakkali,
CEO, Silk Invest

“

Investors have now started to reshuffle their portfolios in favour of core investments

Marc Foss, Executive
Director, Middle East

"Asian markets, for instance, are trading at an average PE ratio of 20 whereas for the Arab markets, this ratio is between 10 and 15. We expect this gap to close."

romment remains stable. International investors are starting to see this value and have invested recently significant amounts in our Arab Falcons fund."

THE REGION'S FIRST BUSINESS DAILY · Tuesday, September 29, 2009.

received a \$10m investment from a European investor who is very keen on these markets. We are also planning to increase our allocation to these markets for our existing funds as we get more clarity on the economic scenario," Zin Bakkali, CEO, Silk Invest, told Emirates Business.

The second-quarter results, said Bakkali, had turned to be full of upside surprises against the expectations, which has boosted confidence in the region.

In the third quarter, Arab markets would outperform global markets, he added.

THE NUMBERS

\$10m

The worth of investment received by Invest Silk from a European investor who is keen on Gulf markets

\$50m

The amount of money the company expects to

\$60m

The amount the firm has managed to raise for its funds that focus on investments on the 'silk route'

"The recovery at the start of the year in regional markets was below what we expected. However, that turned out in favour of markets here which are undervalued and are expected to catch up in the coming months. As a comparison, the Bric markets went up year to date with close to 70 per cent while Arab markets went up with only 25 per cent and frontier African markets went up only 20 per cent. We believe that these markets will close at least half of this gap in the coming months provided the macro economic envi-

raise from its fixed income fund, called Silk Route Income Fund, which is expected to be launched next month

Investors, who associated these markets mainly with oil and real estate sectors, have now started associating the economy with various other sectors like petrochemicals, telecom and logistics, as well, said Bakkali.

Upbeat about the region, Silk Invest will launch its fixed income fund, called Silk Route Income Fund, next month. The fund will be launched with an initial target of raising \$50m, which would be gradually increased to \$150m, said Marc Foss, Executive Director, Middle East for the company. Huge money has been waiting to be invested.

Investors, said Foss, have now started to reshuffle their portfolios in favour of core investments. As the situation improves, they would be willing to take higher risks, he said.

In the last six months the company has managed to raise \$60m for its funds that focus on investments in the "silk route".

In case of local investors, however, they need to look more into opportunities within the region, said Bakkali.