

A satellite-style map of the Middle East and North Africa (MENA) region, showing the Mediterranean Sea, the Red Sea, and the Persian Gulf. The landmasses are shown in shades of brown, tan, and green, with blue oceans. A large, semi-transparent blue arc is visible on the left side of the image.

# Ajeej Capital

## Opportunities in MENA

### Public Equity

Feb-2022



# Introduction

# Introduction

---

## Introducing Ajeej Capital

Leading **INDEPENDENT** alternative investment manager

Middle East and North Africa (**MENA**) **SPECIALIST**

**HIGH CONVICTION** manager with a **FUNDAMENTALLY FOCUSED** investment philosophy

Team of **13 PROFESSIONALS** with over a century of combined MENA investing experience

Assets of **\$1 billion**



# Introduction

---

## Competitive Edge

### **SAME TEAM FOR OVER 15 YEARS**

### **EXPERIENCE & TRACK RECORD – WE SURVIVED & GREW THROUGH:**

- *Global Financial Crisis*
- *Euro Debt Crisis*
  - *Oil Crash*
  - *COVID-19*
- *Dubai Debt Crisis*
  - *Arab Spring*
  - *Riyadh Ritz*
- *Regional Geopolitics*

### **PROCESS ORIENTED & INSTITUTIONALISED**

Fully mapped out internal processes, independent BoD; and highest AML, Compliance and Governance standards.

### **ALIGNED INTERESTS**

Significant partners' wealth invested in the funds.

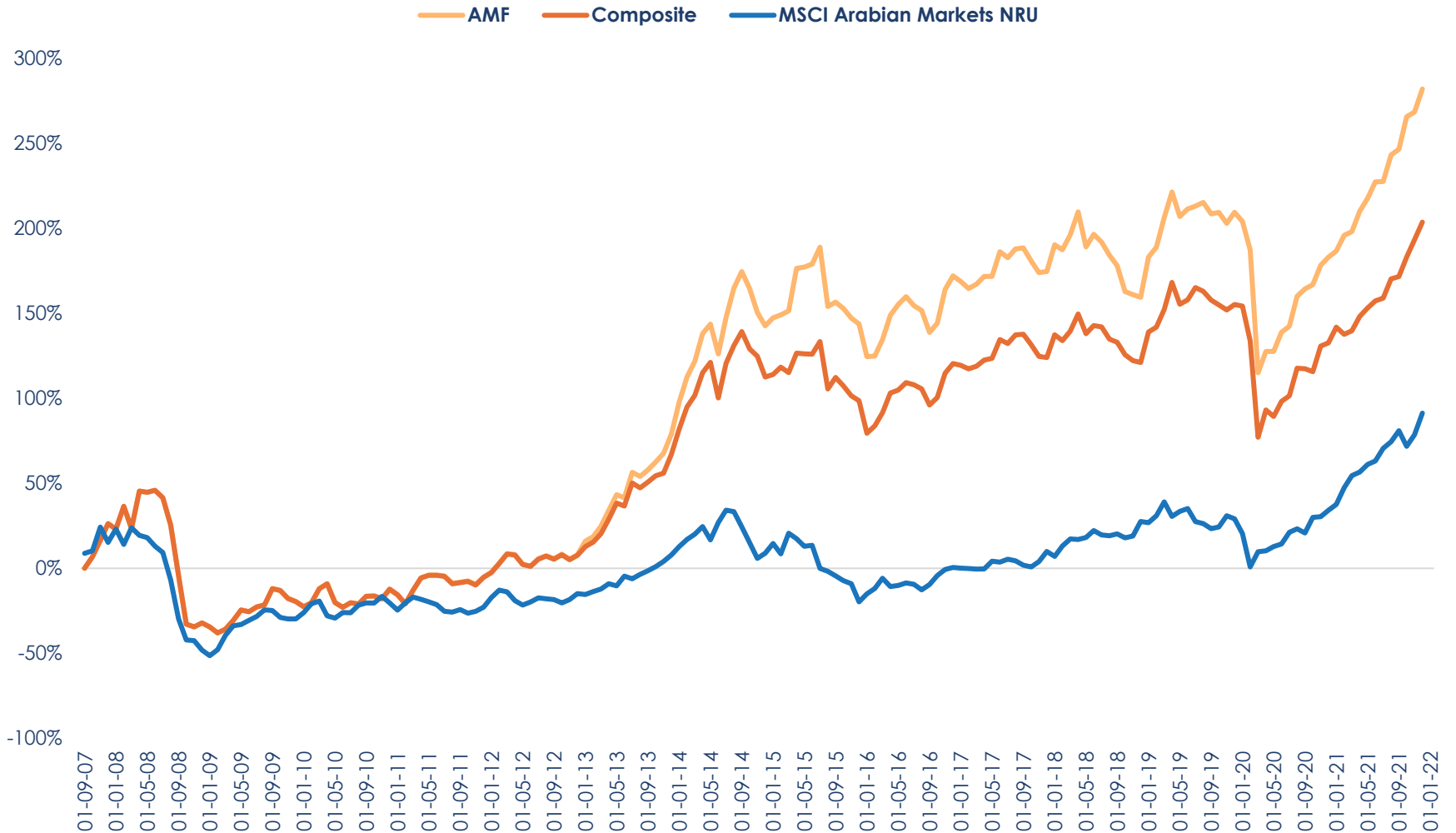
### **STRONG LOCAL NETWORK**

### **INDEPENDENT & MANAGEMENT OWNED**



# Introduction

## Ajeej Consistently Beating Benchmark





# Investment Strategy & Process

# Investment Strategy & Process

---

## Investment Philosophy

### FUNDAMENTALLY DRIVEN

approximately **50 active models** and **10 industry scorecards**

### BOTTOM-UP CONVICTION

**stress tested DCF / DDM** primary models, with RV overlay

### CONCENTRATED PORTFOLIO

average of **22 positions** in AMF and **10 positions** in AOF

### LONG-TERM HOLDING PERIOD

core positions held for **1 to 3 years**

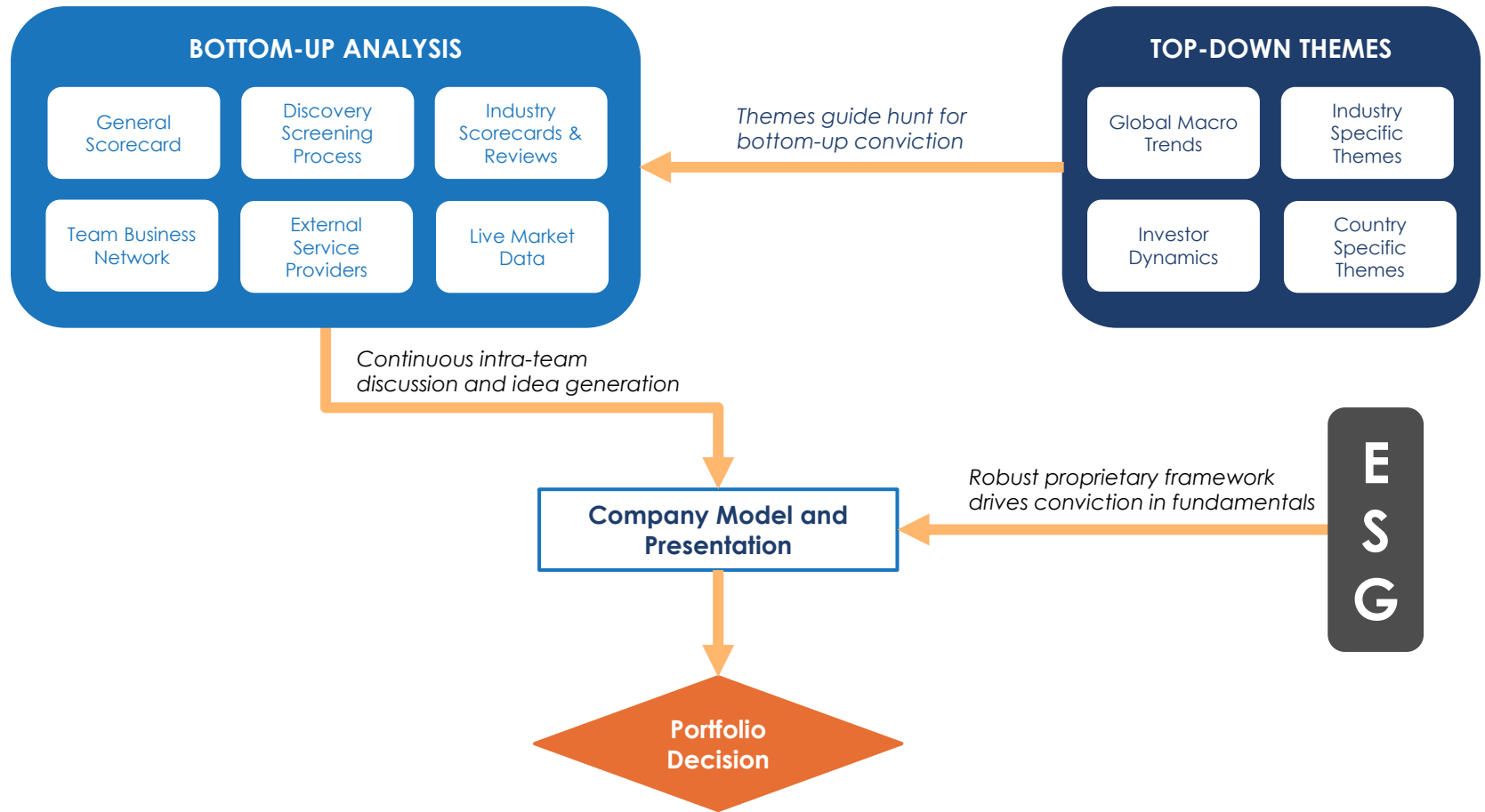
### BENCHMARK AGNOSTIC

portfolio active risk **over 83%** on average



# Investment Strategy & Process

## Investment Decision Process





# Investment Strategy & Process

---

## Robust Risk Management

- **Market Systematic Risk:**

- Mitigate systematic and systemic risk by **limiting country exposure** to certain markets to reflect macro risk vs. bottom-up opportunity
- **Limited currency risk:** In the GCC, interest rates are linked to the USD rates and **FXs are mostly pegged to the USD**

- **Company Specific Risk:**

- **Stress test** company specific **operational risks**, to build conviction
- Continuous re-evaluation of theses to re-confirm convictions. (Scheduled and event driven)
- Interaction with top management, main shareholders and industry experts critical

- **ESG+Q:**

- ESG+Q framework acts to confirm convictions whilst mitigating tail end risk

- **Tail-End Liquidity Risk:**

- Ajeej MENA Fund:
  - *Liquidity limit: 50% of portfolio can be liquidated in 10 days based on 1/3 volume.*
  - *Portfolio concentration limits are: 60% of portfolio per industry and 30% of portfolio per security.*
- Ajeej Opportunistic Fund:
  - *Portfolio concentration limit: up to 10 names with a maximum of 40% per security.*
  - *AUM Limit: Portfolio is limited in size*





# Environmental, Social, and Governance + Quality

# Environmental, Social, and Governance + Quality

---

## Key Points

- Built our own **proprietary ESG database** focused on MENA and designed for maximum **relevance**
  - ESG **fully integrated** into the investment process
- Quantifying “G” as part of the investment process **since 2009**
  - ESG **reporting** to our investors **since 2015**
- Expanded on ESG implementation in 2018 & 2019
  - **UNPRI Signatory** since 2019



# Environmental, Social, and Governance + Quality

---

## Proprietary & Relevant Company Specific Questions



20 environmental questions



20 social questions



40 governance questions



**20 business quality questions**

### **Business Quality:**

*Importantly we added the silo of business quality which aims to score any **comparative advantage** a company may possess that is **not addressed** in a **typical ESG scoring methodology**. This is a particularly pertinent consideration when evaluating MENA companies that are only beginning to recognise the importance of ESG reporting.*



# Environmental, Social, and Governance + Quality

---

## Proprietary & Relevant Scoring



- **Weighted Questions:** within each subset of sub-questions in broader (E/S/G/Q) question sets (such as compensation, carbon emissions, or worker treatment record), answers are weighted according to relevance.
- **Weighted Categories:** within each broad category of (E/S/G/Q) questions, a single industry wide set of weights is used to weight each sub-question to calculate a total score (for E, S, G or Q).
- **Critical Issue Levels:** within the Environmental and Social questions, a 'critical issue level' from 1 to 5 is given, where a 1 score means that an issue (carbon emissions, data privacy) is not relevant/important for a given company or industry, while 5 means that an issue is very important.



- The critical issue levels were used to create a variable weight for 'E' and 'S' in the ESG scoring, with 'G' being the remainder. This means that for a company / industry where environmental / social factors are relatively unimportant, governance has a particularly large share. By contrast, a company where both environmental and social issues are quite important has a smaller % of ESG score allocated to governance.
- ***The preponderance of 'G' in our scoring both lines up with typical MSCI scoring and with our own bias towards 'controllable bottom-up' factors (largely governance related) in assessing companies.***





# MENA REGION OVERVIEW

# The Middle East

---

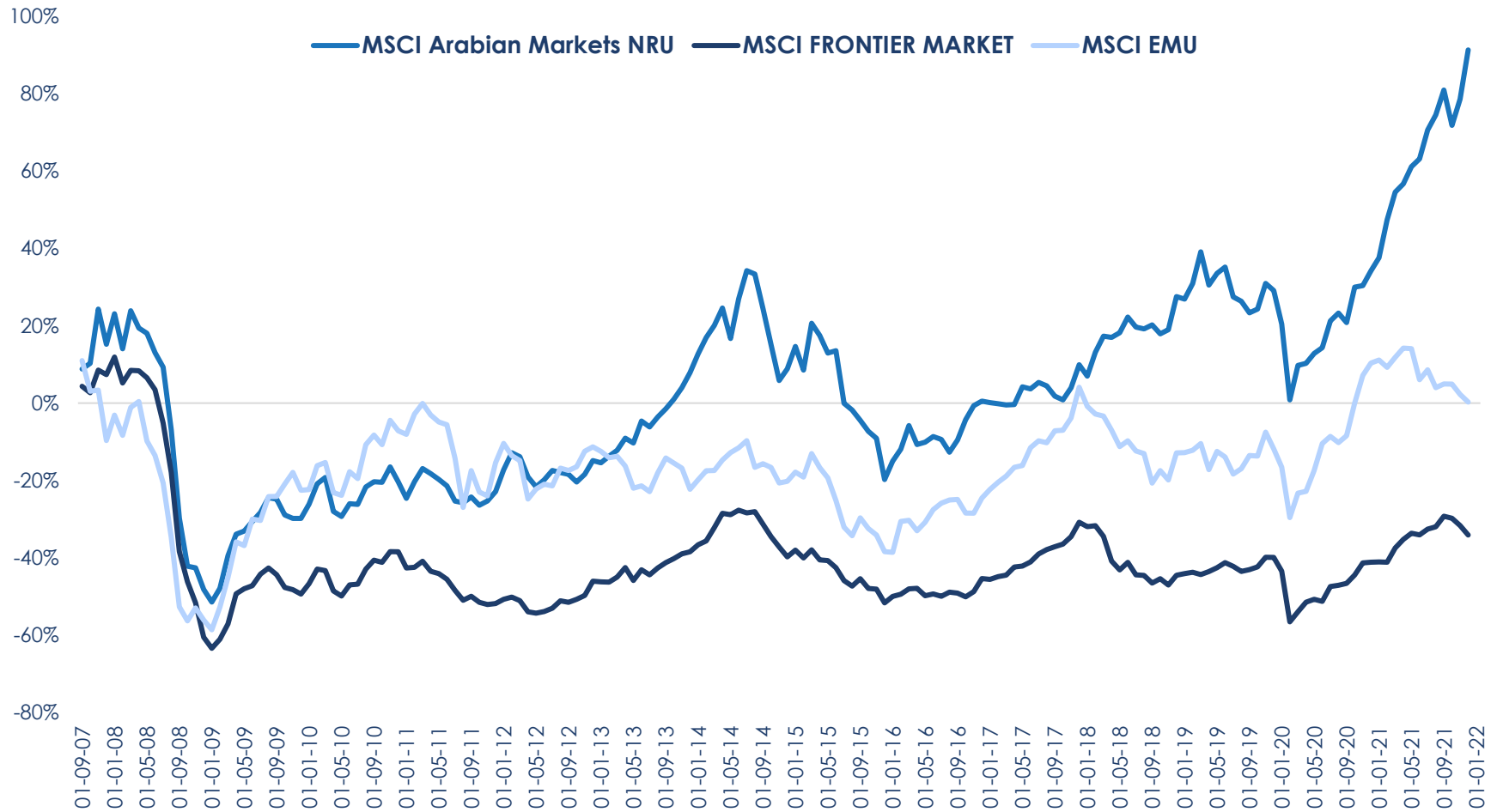
## A World Between Frontier and Emerging

- MENA is about 7% of the Emerging Markets basket and growing
- Fantastic diversifier for an EM portfolio
- Positive correlation to oil unlike most of EM
- Minimal currency risk, unlike most of EM
- High growth profiles similar to EM peers
- Youthful demographics
- Multiple inflection points in degrees of institutionalisation
- Huge reform initiatives in various markets



# MENA REGION OVERVIEW

MENA Consistently Outperforming EM

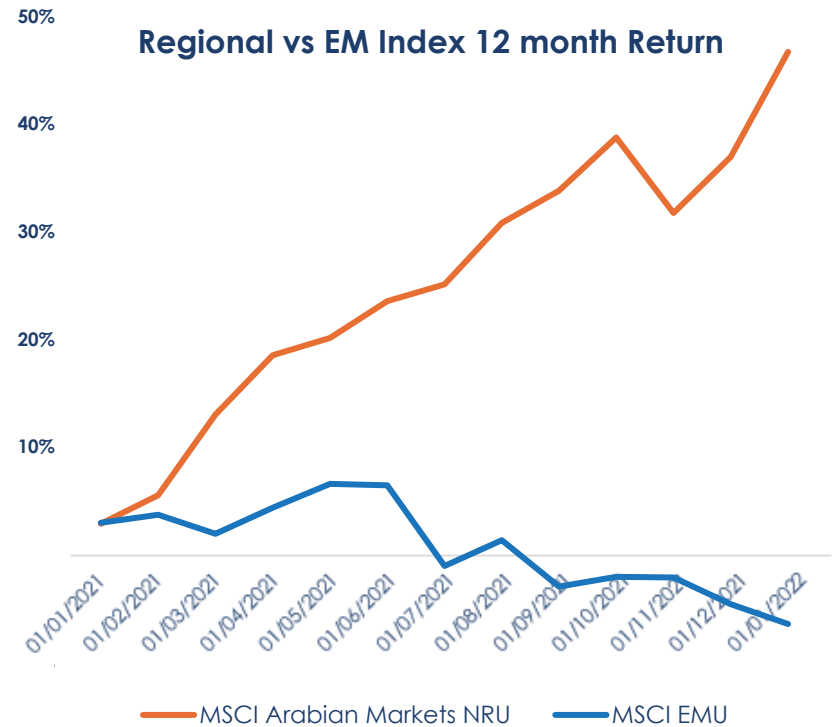
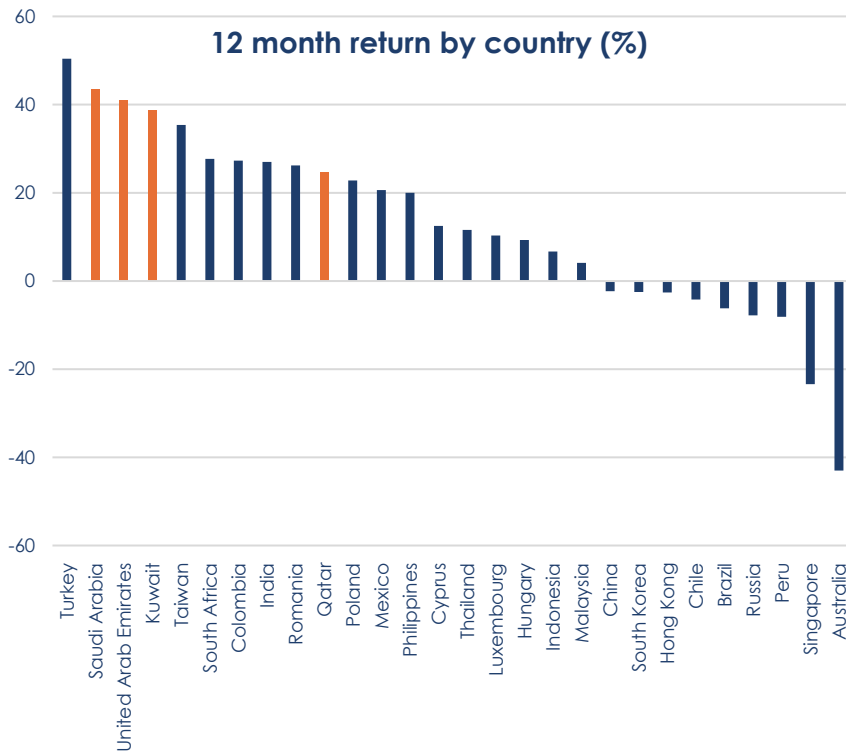




# MENA REGION OVERVIEW

## MENA Performance vs. Emerging Market

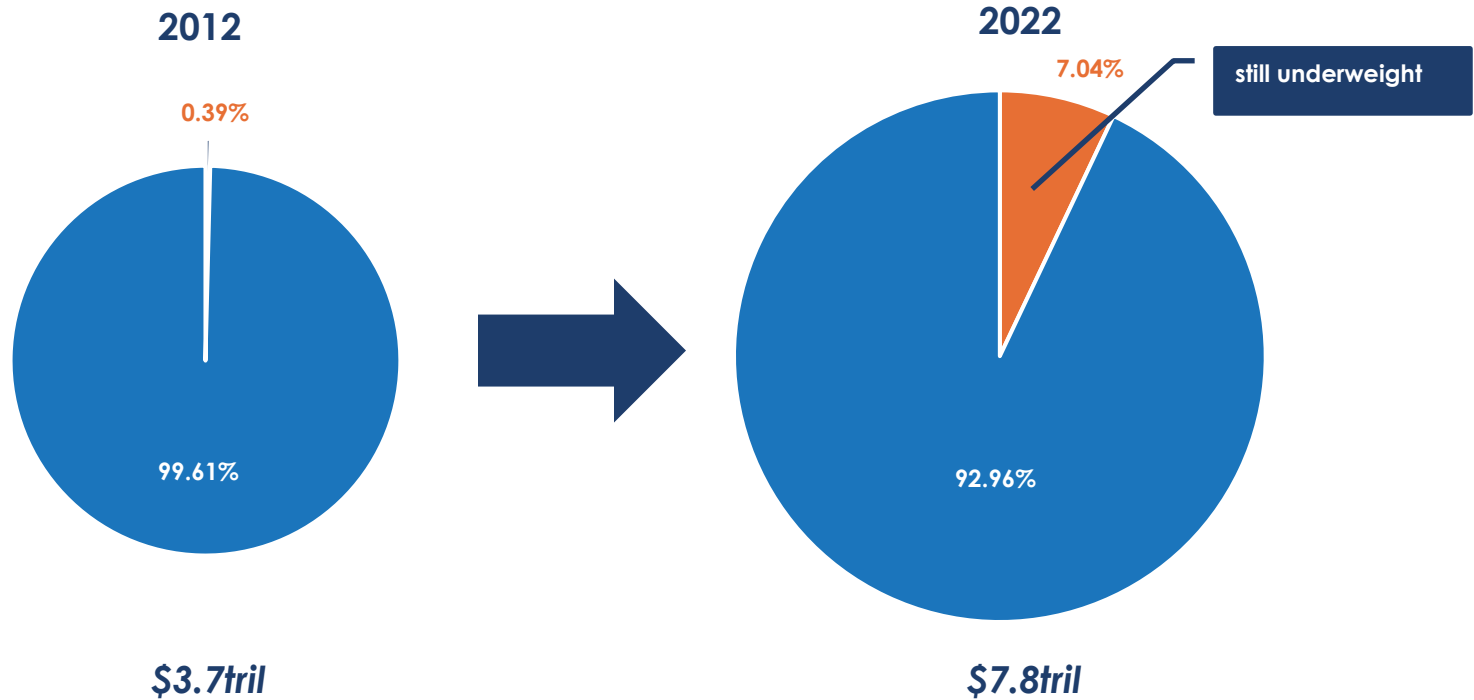
MENA has outperformed EM by **62%** since early 2021 (Feb to Feb).



# MENA REGION OVERVIEW

## Bigger Slice of Growing Pie – STILL UNDERWEIGHT

### 10 YEAR CHANGE IN MENA PROPORTION IN MSCI EM INDEX



**GEM** allocation to MENA has not adjusted: **50bps** in 2012 vs. **78bps** in 2022



# MENA REGION OVERVIEW

---

## Structural, Social and Economic Reforms

### REFORMS

- Foreign Ownership Limits lifted
- Privatisation Programs Promoted
- GCC is open for business (*huge influx of EU and Asian private capital*)

### SOCIAL REVOLUTION

In Saudi and the UAE more progress in past  
**2 years than previous 20 years**

Increased productivity of workforce

Growing middle class

***Increased liberties translating to increased opportunity leading to increased value/wealth creation***

### EXCHANGE EVOLUTION

DFM, Tadawul, ADX & QSE

All developing:

- *Derivative & Futures*
  - *Market Making*
- *Co-Location and Data*

### IPO FRENZY

**+50 IPOs** in pipeline in Saudi

**30x to 200x** times oversubscribed



# MENA REGION OVERVIEW

---

## Healthy Top-Down Picture in GCC

### Fiscal

Government Cut Spending  
Tax Increases

### Monetary

Low Inflation  
Minimal Currency Risk  
Low Repo Rate

- 
- Lower Breakeven Oil Prices
  - Lower Financing Needs
  - Large Trade-Driven Account and Budget Surpluses
  - Minimal Currency Risk
  - Less Exposed vs. EM to Disruption in Global Capital Flows



# MENA REGION OVERVIEW


---

## Attractive Markets + Strong Drivers

### Saudi Arabia

- PE of 18
  - 3% dividend yield
  - ROE 13%
  - EPS growth 13%
- 

### UAE

- PE of 11
  - 4% dividend yield
  - ROE 13%
  - EPS growth 8%
- 

### Qatar

- PE of 13
  - 4% dividend yield
  - ROE 15%
  - EPS growth 14%
- 

### Egypt

- PE of 7
  - 4.5% dividend yield
  - ROE 20%
  - EPS growth 16%
- 

Source: Bloomberg based on MSCI Arabia





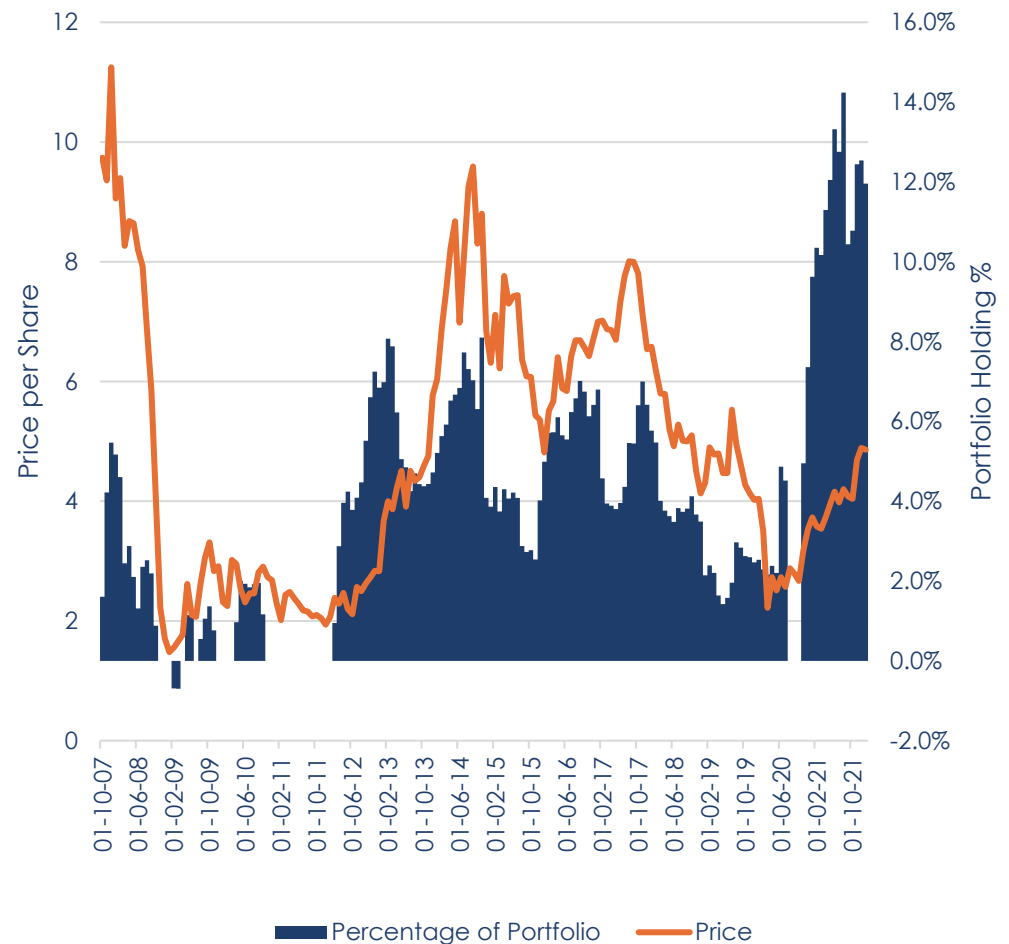
# Investment Examples

# Investment Examples

## Example 1 of 3

- Emaar is the premier the real estate developer in Dubai
- Strongest direct play to **post-COVID recovery** in Dubai
- Most direct Dubai tourism, retail, real estate investment
- Trading at nearly **70% discount to NAV**
- Dubai only developments to generate cashflows of AED 43bn vs. construction costs of AED 16.4bn. **LEAVING AED 27bn (USD 7.35bn) surplus cash!**
- Emaar's **market cap is ~\$12bn**

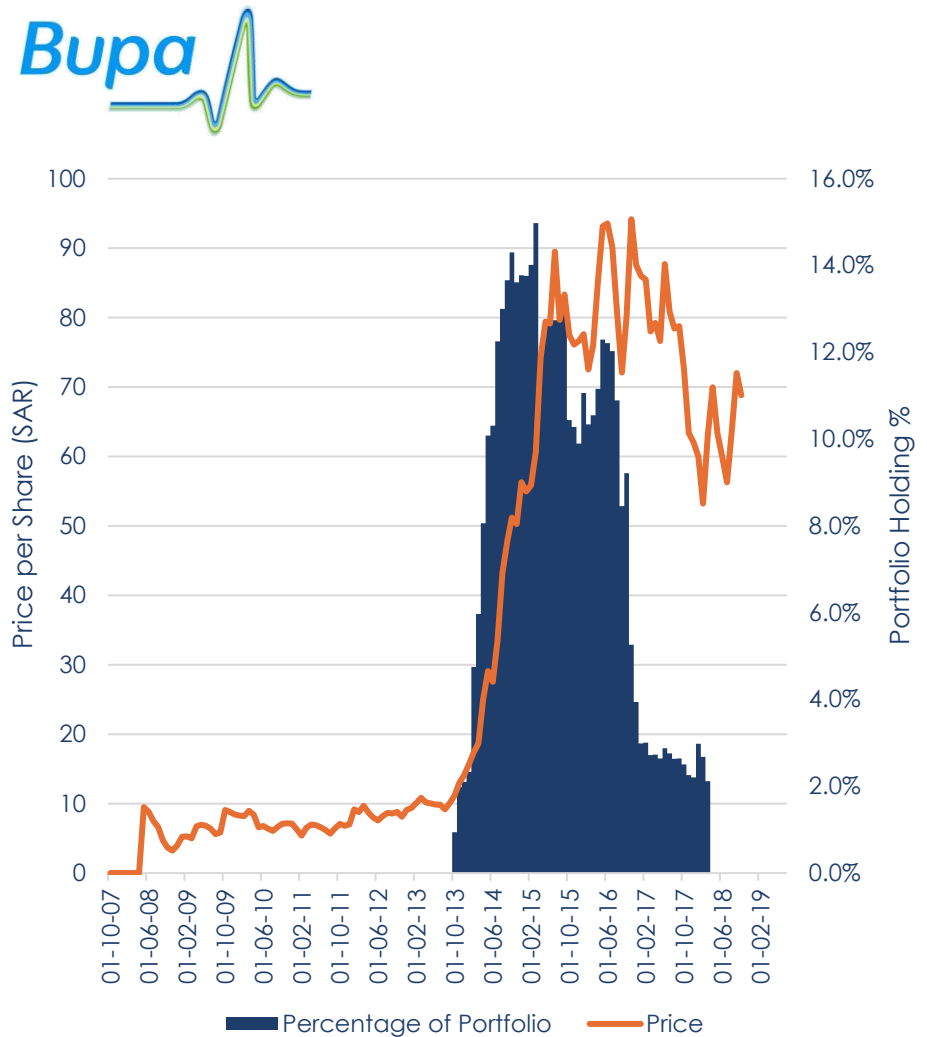
## EMAAR



# Investment Examples

## Example 2 of 3

- **Best run** insurance company in Saudi Arabia
- **Medical insurance pure play**
- **Avoided price war** and focused on quality
- Grew market share from **16% to 42%** in 3 years
- Grew bottom line by **5x** from 2012 to 2016

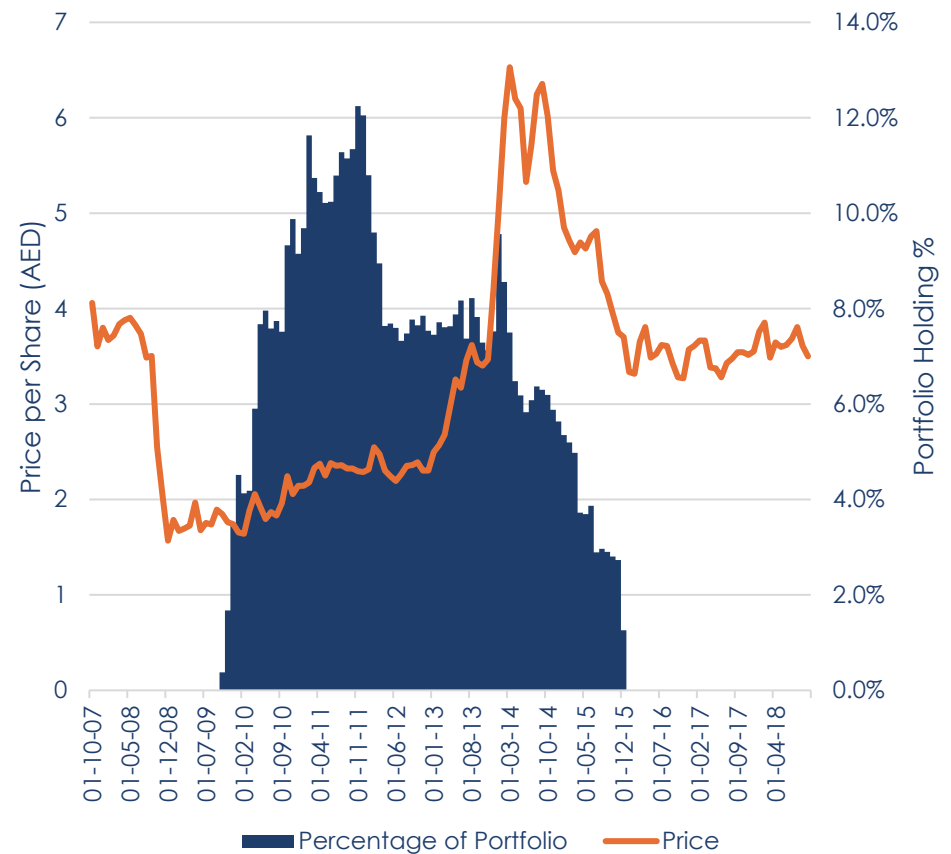




# Investment Examples

## Example 3 of 3

- Solid post crisis strategy and relative growth profile
- New management in 2008 was more **dynamic** and **growth-focused**
- ADIB's **low profile** pre-crisis meant **limited exposure** to Dubai GREs
- ADIB grew steadily through its retail franchise, government-related business and wholesale banking business
- Boasted **high NIMs** and an attractive balance sheet structure in a challenging environment
- The bank's earnings grew at a **12.5% CAGR** from 2008-2015





Ajeej Capital Team

# Ajeej Capital Team

---

## Founders

### Tarek J. Sakka, Founder & CEO

- Tarek has over 30 years of investment experience. Prior to Ajeej Capital, Tarek was Group Vice President at **The Olayan Group**, the premier \$20b investment and operating company in Saudi Arabia and globally, responsible for the group's private investments in MENA (a portfolio which reached \$8b). Invested in and managed the multi-billion-dollar portfolios (2001 - end 2006) & was on the Boards and/or Excoms of:
  - Saudi Hollandi Bank (a public bank JV with ABN Amro).
  - Saudi Swiss Securities, (a JV with Credit Suisse).
  - Oasis Capital, a \$150m private equity firm w/ Najuib Sawiris, Egypt & Majid Al Futtaim, UAE.
  - Al Farabi Investment, a Kuwaiti investment company.
  - SAMA Airlines, a low-cost carrier start-up.
  - Vodafone's consortium bidding for Saudi's 2nd GSM license.
- Earlier Tarek worked with:
  - The **National Commercial Bank**, the largest MENA bank (Jeddah), Head Private Equity.
  - **ENRON** (Houston, TX), Manager, Investments and Derivative Structuring.
  - **Texaco** (Delaware City, DE), Control Engineer.
- MBA from **Harvard Business School**, Boston, USA.
- B.S. with Honors in Electrical Engineering from **King Fahd University of Petroleum & Minerals**, Dhahran, Saudi Arabia;
- Member of the boards of:
  - Morgan Stanley Saudi Fund

### A. Fouad Dajani, Founder & CIO

- Fouad has over 25 years of investment experience. He complemented his investment management background with operating expertise to be a better investor. He worked closely with Ms. Lubna Olayan, CEO of The Olayan Group in Saudi Arabia, as her Executive Assistant.
- Actively managed **The Olayan Group's** proprietary investments in the MENA region and oversaw the group's MENA public equity portfolio. Fouad was also instrumental in institutionalising the group's investment process.
- He made very successful public investments for the group and identified, negotiated, and executed a number of highly successful private equity transactions in the MENA region.
- Fouad, also was General Manager of The Olayan Group's Food Services Company in the MENA region where he managed to:
  - turn around a 10-year loss-making business to a highly profitable one
  - have significant top and bottom-line growth
  - energize the business through new markets entries
  - support the introduction of Al Shaya Group (the largest regional retailer) as a strategic partner.
- Earlier was a Consultant at **Arthur Andersen & Accenture**.
- MBA from **INSEAD**, Fontainebleau, France.
- B.A. in International Relations & Economics from **Brown University**.
- Member of the boards of:
  - Catalyst Partners [Investment Committee]
  - Equiti Group





# Disclaimer

---

The material in this presentation has been prepared by Ajeej Capital (DIFC) Limited ("the Company") and is general background information about the Company's activities current as at the date of this presentation. This information is given in summary form and does not purport to be complete.

The following presentation is being made only to, and is only directed at, persons who are deemed to be Professional Investors. Any person who is not a Professional Investor should not act or rely on this presentation or any of its contents.

Ajeej Capital (DIFC) Limited may deal in, or advice on securities/instruments mentioned in this report. Information in this presentation should not be considered as advice or a recommendation to investors or potential investors in relation to holding, purchasing or selling securities or other financial products or instruments and does not take into account investor's particular investment objectives, financial situation or needs.

Before acting on any information investors should consider the appropriateness of the information having regard to these matters, any relevant offer document and in particular, investors should seek independent financial advice.

All securities and financial product or instrument transactions involve risks, which include (among others) the risk of adverse or unanticipated market, financial or political developments and, in international transactions, currency risk.

This presentation may contain forward looking statements including statements regarding the Company's intent, belief or current expectations with respect to the Company's businesses and operations, market conditions, results of operation and financial condition, capital adequacy, specific provisions and risk management practices. Investors are cautioned not to place undue reliance on these forward looking statements.

No representation or warranty (express or implied) is made as to, and no reliance should be placed on, any information, including projections, estimates, targets and opinions, contained herein, and no liability whatsoever is accepted as to any errors, omissions or misstatements contained herein, and, accordingly, none of the Company or subsidiary undertakings or any such person's officers or employees accepts any liability whatsoever arising directly or indirectly from the use of this document.

By attending or receiving this presentation investors acknowledge that they will be solely responsible for their own assessment of the market and the market position of the Company and that they will conduct their own analysis and be solely responsible for forming their own view of the potential future performance of the Company's business.

This presentation maybe dated. Neither the delivery of this presentation nor any further discussions of the Company with any of the recipients shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since such date.

Information and data provided in or by this presentation may be time sensitive or subject to change without notice.

This presentation should be read in conjunction with other publicly available material. Further information including historical results and a description of the activities of the Company is available on the website [www.ajeej.com](http://www.ajeej.com)





**Contact Information:**

Ajeej Capital (DIFC) Limited  
Gate Village Building 6, Suite 203  
Dubai International Financial Centre  
P.O. Box 506716, Dubai  
United Arab Emirates  
† +971 (4) 433 6510 f +971 (4) 432 3028  
[www.ajeej.com](http://www.ajeej.com)  
[info@ajeej.com](mailto:info@ajeej.com)

**Disclaimer:** This publication is for informational purpose only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any fund. All investments in the funds are subject to market risks. These may go up or down based on market conditions. Past performance is not necessarily indicative of future results.