

Al Watani Fund 2 (for Non Qatari) - Monthly Report for May 2024

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)

6,232,627

Total Net Asset value per unit (in QAR)

19.37

Fund Information	Particulars	Performance Summary	WF2	Index
Fund Type	Open-End Fund	Since Inception (Oct'2005)	93.70%	-31.04%
Currency	Qatari Riyal	Year 2018	20.60%	15.53%
Regulator	Qatar Central Bank	Year 2019	2.18%	-3.27%
Fund Manager	QNB Suisse SA	Year 2020	7.55%	0.55%
Subscription/Redemption	Monthly	Year 2021	16.51%	12.70%
Management Fee	1.5% p.a	Year 2022	-9.49%	-10.87%
Auditor	Deloitte & Touche	Year 2023	8.83%	3.27%
Custodian	QNB	MTD (May 2024)	-4.41%	-4.41%
Benchmark Index:	Standard & Poor's Qatar Domestic Index (Custom)	YTD (2024)	-9.18%	-13.11%
		Beta	0.76	1.00
		Standard Deviation*	20.20%	23.89%

Fund Manager Comment

Performance for the Month

Qatar Exchange (QE) extended its bearish trajectory falling -4.19% in May 2024 as investor sentiment dipped further as foreign institutional investors turn net sellers for the second consecutive month. QE Islamic index QERI fell -4.70% underperforming its conventional peer during the month. Market breath deteriorated further as number of stocks trading above their 50-day moving average decreased to 15% at the close of the month. Global equity markets returned to the upward trajectory during the reporting month as the MSCI World index gained +4.06%; developed market equities represented by the S&P 500 gained +5.06% and emerging market equities presented by MSCI EM index gained +1.82%. Bloomberg commodity index gained +1.30% supported by the precious and base metals. Brent crude oil fell -5.46%. Foreign Institutional Investors net sold USD 140 Mn during the month. Regional markets were all in the red.

Market Review

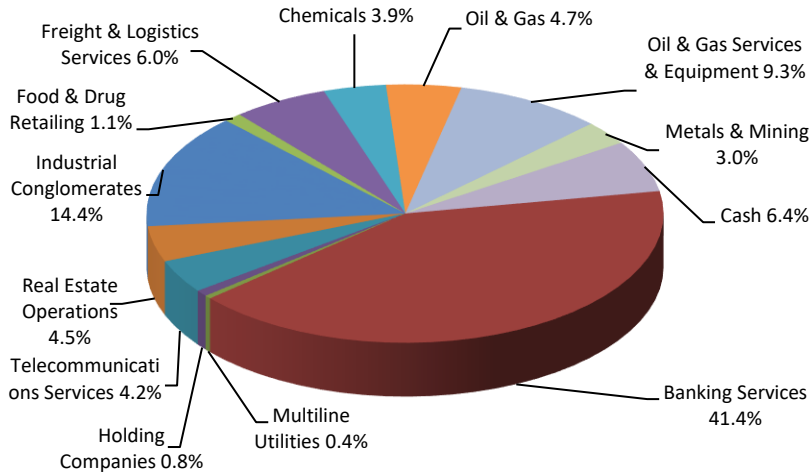
MSCI outflows affected the market in May 2024. For the MSCI Qatar Standard Indices there were no additions/deletions to the index, however, there were weight (FIF) changes to Nakilat (QGTS) and Masraf Al Rayan (MARK) in the index. Furthermore, MSCI also announced that MEEZA QSTP (MEZA) was added to the Small Cap index and Medicare Group (MCGS) was deleted from the same index. Contrary to expectations, the market experienced strong outflows on the last day that overwhelmed the inflows and led to a sharp corrections in QGTS and MARK. Furthermore, Woqod (QFLS) experienced a bigger than usual outflow pushing the stock down more than 8% in the auction on the last trading days. On the LNG expansion front, things are moving in the right direction with sustained progress by Qatar Energy to fulfill the commitment to increase the LNG capacity to 142mn tonnes per year (MTPY) before the end of this decade, representing an increase of almost 85% from current production levels.

Portfolio Investment Strategy

Large cap valuations appear very cheap, especially the large banks. LNG expansion is a medium term story with the potential to drive the market up. Despite the disappointment in May, the market still appears to have more upside risk than down risk over the next few months, driven by the cheaper cyclical areas of the market.

Sector Allocation

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