Monthly Review, Asset Allocation & Outlook

October 2024

Highlights of the Month

- 10-Year US Treasury yields rose 50bps on stronger economic data in US and rising prospects of Trump's win
- Global equities closed the month lower on yields moving higher
- MSCI All Country World Index and MSCI EM Index decreased by 2.3% and 4.4% in October
- In fixed income, Barclays Global Aggregate Index and Bloomberg EM Aggregate Index fell 3.4% and 1.4%
- Brent and Gold increased by 1.9% MoM and 4.2% MoM in October
- MENA equities sentiment turned negative during October with the S&P Pan Arab Composite Index down 1.4%
- We retain an overweight allocation to equities and high-yield credit

Global Review

October was a volatile month for both bonds and equities. MOVE Index, a measure of US bond market volatility, spiked to 135 from 95 at the end of September. VIX Index, a measure of S&P 500 implied volatility, spiked to 23 from 17 at the end of September. Stronger than expected US economic data and rising betting odds of a Trump victory led the 2-year US and 10-year US Treasury yields to jump 53bps and 50bps, respectively to close the month at 4.17% and 4.28%. The Barclays Global Aggregate Bond Index fell 3.4%. High-yield bonds showed resilience with the Barclays Global High Yield falling 0.6%. YTD high-yield bonds were up 8.9%, outperforming the investment-grade bonds by 8.8%.

Stronger than expected economic data led the global equities to move higher during the first half of the month. However, the equities lost steam during the second half on concerns due to rising bond yields and election uncertainty. The MSCI All Country World Index closed the month down 2.3%. Commodities fell as dollar and treasury yields rose with the Bloomberg Commodity Index falling 2.2%. Base metals such as Nickel, Copper and Aluminum fell 10.5%, 3.3%, and 0.7%, respectively. Gold gained 4.2% MoM and YTD was up 33%. Brent oil plummeted 8.9% on speculation that Saudi Arabia might increase supply by the end on expectation that OPEC+ could delay December's planned increase in oil production by a month.

Global Equities:

Within equities, emerging markets underperformed developed markets with the MSCI Emerging Index dropping 4.4% while the MSCI World Index falling 2.0%. Profit booking in Indian and Chinese markets drove the underperformance of the EM Index. Cyclicals outperformed Defensives with the MSCI All Country World Cyclical Index falling 1.7% while the Defensive Index losing 4.1%.

The S&P 500 Index fell 1.4% on election uncertainty and rising bond yields. Materials, real estate, consumer staples and consumer discretionary were the worst performing sectors. The corresponding sector indices fell 3.5%, 3.4%, 2.9% and 1.6%, respectively. The Russell 2000 Index, a small-cap Index of US stocks, rose 0.6%. The September nonfarm payrolls exceeded expectations, rising by 254,000 versus 150,000 expected. The unemployment rate fell to 4.1%, and wage growth picked up to 4% year-over-year.

The first estimate of US 3Q 2024 GDP growth came in at a healthy 2.8% QoQ annualized, confirming that the economy continues to grow at a strong pace. Banks produced strong results during 3Q 2024. Guidance was more mixed for tech companies, particularly on semiconductor demand, which added to market volatility. Generally, positive earnings surprises were among the lowest of recent quarters, highlighting some decline in earnings momentum.

MoM and YoY August US inflation (CPI) came in at 0.2% and 2.4%, both measures were above expectations of 0.1% and 2.3%. However, YoY CPI eased from 2.5% in August. Core inflation remained elevated at 3.3%, driven by rising costs in medical care, auto insurance and airline fares.

European Stoxx 600 Index fell 3.3%. Germany's DAX Index fell 1.3%, while France's CAC Index fell 3.7% and UK's FTSE 100 Index fell 1.5%. Eurozone October inflation picked up to 2% YoY from 1.7% YoY in September. The increase was driven mainly by energy base effects. ECB announced a third 25 bp rate cut of the year on weakening economic momentum, taking the deposit facility rate to 3.25%. Japan's Nikkei 225 Index gained 3.1% as Yen fell 5.5% against USD to close the month at 152.

Fixed Income:

TREASURY

October 2024 was a weak month for fixed income investors with both Investment Grade and High Yield bonds witnessing a decline as the long end of the curve rising sharply on a "Donald Trump" presidency, as the expectations of a Kamala win dwindled. The Bloomberg Global High Yield Index (high-yield) declined 0.6%, while the Bloomberg Global Aggregate Index (investment-grade) delivered a even weaker performance of negative 3.4%, due to the higher sensitivity to the long end of the curve which picked up quite sharply during the month. As at the end of October, global high yield was up 8;9% vs. 0.1% for global investment grade, as investors continued to buy in to the high yield space. The spreads between global high yield and global investment grade continued to tighten and is now at multi-year lows.

During the month, the US Treasury yield curve shifted upwards with the 2Y and 10Y yields ending higher by 53bps and 50bps during the month, to 4.17% and 4.30% respectively. This was largely due to rising expectations of a Trump presidency, and a stronger than anticipated US economy. As a result, we also saw rate cut expectations fall quite steeply during the month. US CPI YoY for Sep came in at 2.4%, hotter than expectations of 2.3%, still lower than the August print of 2.5%. However, core CPI YoY rose to 3.3%, higher than the median estimates, and rose for the first time since Sep 2023. Moreover, ISM Manufacturing in September contracted to 47.2, vs. the survey of 47.5. Payrolls and employment data was a strong focus for markets during the preceding 6 weeks. NFP for September came in hot, significantly above estimates, at 254K (vs estimate of 150K), which helped bring the unemployment rate back down to 4.1% (vs. estimate of 4.2%). The data changed the narrative of the market, which sent yields higher, and equities higher.

CORPORATES

The spread between US high-yield (HY) and investment-grade (IG) bonds tightened to 277bps at the end of October from 300bps at the end of September. Spreads between US high yield and investment grade bonds are now at 15year lows. As we have highlighted in our previously published outlooks, tighter spreads have forced to fixate on more cautious positioning. The focus continues to remain on identifying value opportunities within the high-yield issuer universe. In the investment grade space, we continue to tread cautiously due to peak volatility given the uncertainty regarding pertaining to a Republican government, economic strength, and inflation, and widening fiscal deficits.

We believe that the opportunity to re-enter the long duration play is further down the line, as long end yields are likely to tip further up.

Market Outlook: As we mentioned in our August monthly outlook, we anticipated yield curve normalization, which has been the case since early September. We continue to expect normalized yields, as growth remains strong but a faster pickup in the 10-year yields. We expect continued volatility in rates, as the market continues to assess risks pertaining to fiscal deficits, higher tariffs, and growth. The Fed is also likely to be highly cautious when thinking of next steps.

Soft Landing Base Case: The primary scenario assumes a "soft landing / goldilocks scenario" for the US economy. However, we move away from our weak dollar scenario, and expect a stronger dollar in the near term. 10Y yields will likely pickup before reversing back to 3.50 levels, in 12 months.

Emerging market (EM) bonds delivered negative returns in October. Both the Emerging Markets Aggregate Index (EMUSTRUU) and the Bloomberg EM GCC Credit + HY Index (BGCCTRUU) generated negative returns of 1.4% and -2.0%, respectively.

EM Equities: The MSCI EM Index was down 4.4% MoM. LATAM was the worst performing region, down 5.2% followed by Asia (-4.5%) and EMEA (-3.3%). In LATAM, Brazilian equities continued their downward tumble as higher interest rates have pushed investors away from stocks into government bonds that yield double digit returns. Local equities have seen foreign outflows for eight out of 10 months so far this year. In Mexico, a mixed earnings season continued to take the index down, with MSCI Mexico down 24.3% YTD. In Asia, Chinese stocks continued to see extreme volatility with the MSCI China Index down 5.9% MoM. Stimulus measures announced by the government failed to please investors who continued to sell names after a short lived rally. Indian equities also took a beating in October, with foreigners pulling more than $11bn from the markets (worst ever month of outflows) due to high valuations and more attractive opportunities in Chinese equities.

Commodities: Oil: Brent oil gained 1.9% MoM and closed at USD 73.1/bbl. The gain was attributable to expectation that OPEC+ could delay December's planned increase in oil production by a month.

Natural gas: Henry hub prices dropped 7.4% MoM to reach USD 2.7/mmbtu as Hurricane Helene supply disruptions were less than expected.

Petchems: SE Asia LDPE, HDPE, LLDPE and PP were all up MoM. Given the overhanging weakness in oil prices, prices of polyolefins have moved based on short-term demand/supply dynamics.

Metals: Aluminum, Copper, and Nickel fell 0.7%, 3.3%, and 10.5%, after stimulus measures announced by the Chinese authorities disappointed investors.

Precious metals: Gold prices were up 4.2% MoM, taking its YTD gains to 33.0%. Gold has rallied this year on a continued strong buying from global central banks and Chinese investors. Expectation of lower rates in the future is also acting as a tailwind.

Currencies: EM currencies (MSCI EM Currency Index) lost 1.6%, while the US Dollar (DXY Index) gained 3.2%. The Chilean Peso (-6.5%), Malaysian Ringgit (-5.8%), and Brazilian Real (-5.8%) were the worst-performing currencies.

MENA Equities: MENA markets put on a mixed performance in October, with the S&P Pan Arab Composite Large Mid Cap Index down 1.4%. DFMGI continued its outperformance, with gains of 1.9% MoM and 13.1% YTD. Saudi's TASI was down 1.7%, Abu Dhabi's FTSE ADGI lost 1.0% and Qatar's DSM Index was down 0.8%.

In Dubai, Emirates NBD's Q3 net interest income was up 8% YoY but was offset by a drop in non-funded income, which was down 15% YoY. Higher opex and impairment charges led to flat earnings YoY. NIMs expanded in Q3 as loan growth and repricing at DenizBank more than offset the impact of lower EIBOR rates in the UAE. Management reiterated its sensitivity to rate cuts – 25bps rate cut would impact net interest income by AED 500mn. Management also upgraded loan growth guidance for the year to low double digits from high single digits but also raised cost of risk guidance to 10-20bps from 0-10bps. DIB's reported net profit was up 21% YoY on higher income and negative cost of risk (release of provisions). Management raised their guidance for financing and sukuk growth to 10% for the year and expected net profit margins to remain stable for the year.

In Abu Dhabi, ADIB's Q3 profit was up 14% YoY due to strong growth in non-funded income and lower provisioning. Loan growth remained extremely strong for the year, at 17% YTD. Management guided that a 25bps rate cut would impact NIMs by AED 60mn. FAB's Q3 net income was up 5% YoY due to higher-than-expected non-interest income. Loan growth stood at 9% YTD and management noted that a 25bps rate cut would impact NIMs by AED 200mn. Lastly, ADCB's earnings were up 23% YoY due to very strong non-interest growth of 49% and lower provisioning. Management upgraded their loan guidance to 16-17% for the year while cutting their NIM guidance from 2.70% to 2.55%. A 25bps rate cut would impact NIMs by AED 150mn. Retail loan growth in the UAE has remained broad-based and strong across the board while government repayments have continued.

In Qatar, QNB's reported net income was up 7% YoY due to higher net interest income, strong loan growth and lower than expected provisioning. In Kuwait, NBK's earnings were up 6% YoY due to improvement in NIMs, higher non-interest income and lower provisioning. Loan growth also improved to 6% YTD. In Saudi, SNB's net profit was up 7% YoY as lower provisioning and higher non-interest income offset weaker net interest margins. Loan growth stood at 9% YTD, with retail loans up 6% and corporate loans up 12% YTD. SNB's expects NIMs to expand by 2bps over two to three quarters for every 25bps of rate cut. Al Rajhi Bank's Q3 earnings were up 23% YoY as stronger income offset higher provisioning and growth in opex. Loan growth stood at 9% YTD with management raising their guidance to low teens for the year. Rajhi's NIMs should expand by 6bps for every 25bps of rate cuts.

Major Indices Performance

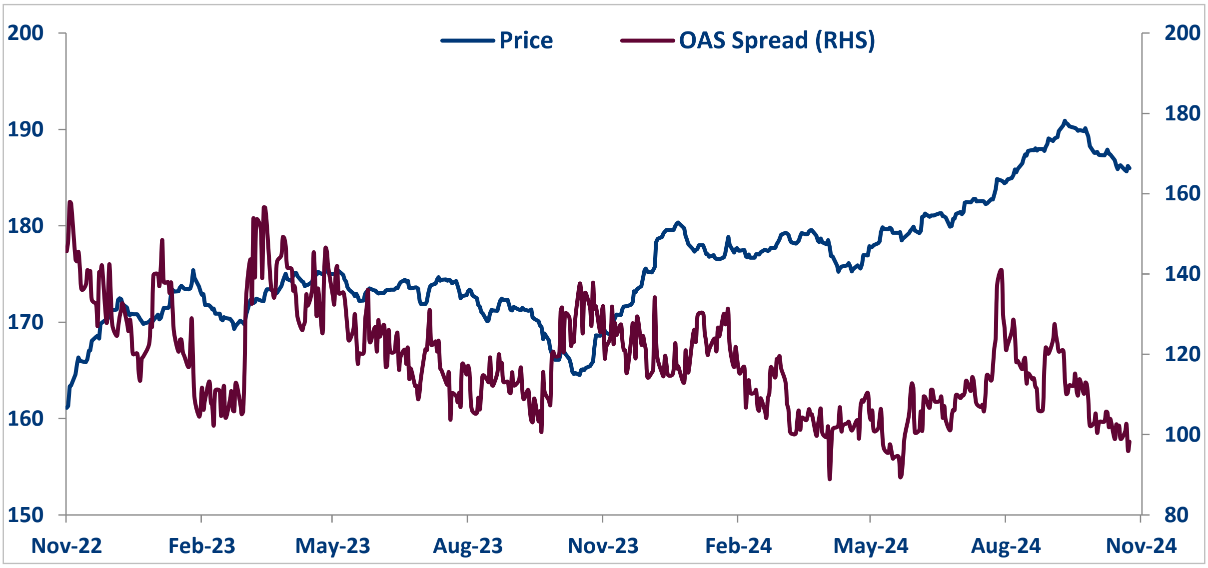
Major Indices Performance	Value	MTD Return	YTD Return	PE (x) 1Yr Fwd	PB (x) 1Yr Fwd	Div. Yield 1Yr Fwd
Saudi Arabia - TASI	12,022	-1.7%	0.5%	17.4	2.3	4.1%
Dubai - DFMGI	4,591	1.9%	13.1%	9.2	1.2	5.5%
Abu Dhabi - FADGI	9,328	-1.0%	-2.6%	15.4	2.0	3.8%
Qatar - DSM	10,524	-0.8%	-2.8%	11.6	1.4	4.7%
Kuwait - All Share	7,158	0.3%	5.0%	12.4	1.2	4.1%
Oman - MSM30	4,749	0.8%	5.2%	10.2	0.6	5.5%
Bahrain - BHSEASI	2,019	0.3%	2.4%	7.9	0.8	8.5%
Egypt - EGX30	30,658	-2.9%	23.2%	7.3	1.9	3.2%
Morocco - MOSENEW	14,168	-1.4%	17.2%	18.9	2.3	3.0%
S&P Pan Arab Composite	165	-1.4%	-1.1%	14.5	1.9	4.0%
Israel - TA35	2,204	3.8%	18.2%	11.2	1.9	2.8%
Turkey - XU100	8,864	-8.3%	18.7%	5.5	0.9	3.9%
Pakistan - KSE100	89,221	9.9%	43.0%	4.5	1.1	7.4%
S&P 500	5,705	-1.0%	19.6%	25.4	5.0	1.3%
STOXX 600	505	-3.3%	5.5%	14.4	1.9	3.5%
MSCI EM	1,120	-4.4%	9.4%	13.8	1.7	2.7%
MSCI All Country World	832	-2.3%	14.5%	20.4	3.1	1.9%
MSCI World	3,647	-2.0%	15.1%	21.5	3.4	1.8%

Major Indices Performance	Value	MTD Change	YTD Change
Barclays GCC Credit +HY Index	186	-2.0%	3.1%
FTSE MENA Broad Bond Index	171	-2.1%	4.1%
Dow Jones Sukuk	98	-1.8%	0.2%
Barclays Global Aggregate Index	472	-3.4%	0.1%
Barclays Global High Yield Index	1,657	-0.6%	8.9%
Barclays US Treasury Index	2,308	-2.4%	1.4%
Barclays US Corporate Index	3,310	-2.4%	2.8%
Barclays US Corporate High Yield index	2,664	-0.5%	7.4%
JPM EM Global Bond Index	607	-1.9%	6.6%
Bloomberg Barclays Emerging Markets Hard Currency Aggregate Index	1,249	-1.37%	6.7%
Bloomberg Barclays US Aggregate Bond Index	2,202	-2.5%	1.9%
Markit CDX Emerging Markets Index	97	-0.2%	-0.1%
Barclays EM High yield	1,577	0.2%	13.1%
Barclays EM Corporate Index	299	-1.2%	7.3%
10-year US Treasury yield* (%)	4.28	50	41
30-year US Treasury yield* (%)	4.48	36	45
US Treasury 2-10 Spread*	11.00	-3	48
US Treasury 2-30 Spread*	30.06	-18	52
10-year US Treasury Real yield* (%)	1.96	36	25
10-year Germany Treasury yield* (%)	2.39	27	37
US Breakeven 10 Year*	2.33	14	15
10-year Saudi Arabia Govt USD Bond yield* (%)	5.01	36	44
8-year Abu Dhabi Govt USD Bond yield* (%)	4.67	53	49
4-year Kuwait Govt USD Bond yield* (%)	4.26	24	3
9-year Oman Govt USD Bond yield* (%)	5.52	42	14
10-year Bahrain Govt USD Bond yield* (%)	6.58	47	-27
7-year Qatar Govt USD Bond yield* (%)	4.33	47	14
10-year Egypt Govt USD Bond yield* (%)	9.95	13	-368
EIBOR 3M* (%)	4.65	-1	-68
QAIBOR 3M* (%)	5.20	0	-105
Dubai 5 Year CDS* (bps)	61	0	25
Qatar 5 Year CDS* (bps)	41	0	-4
2-year US Treasury yield* (%)	4.17	53	-8

Source: Bloomberg, Daman Investments Asset Management

*Note: *In basis points*

Barclays GCC Credit +HY Index



Source: Bloomberg, Daman Investments Asset Management

Major Commodities and Currencies

Performance

	Value	MTD Change	YTD Change
Brent crude oil (USD/bbl)	73.16	1.9%	-5.0%
Natural Gas (USD/mmbtu)	2.71	-7.4%	7.7%
Gold (USD/Ounce)	2,744	4.2%	33.0%
Copper (USD/MT)	9,374	-3.3%	10.7%
Aluminium (USD/MT)	2,592	-0.7%	10.5%
Nickel (USD/MT)	15,453	-10.5%	-5.6%
Urea Middle East (USD/MT)	390	10.6%	20.9%
Methanol China (USD/MT)	286	-2.4%	1.4%
SE Asia Polyethylene (USD/MT)	990	1.0%	1.0%
Polypropylene (USD/MT)	1,000	2.0%	5.3%
US Dollar Index	103.98	3.2%	2.6%
MSCI EM Currency index	1,763.87	-1.6%	1.4%
JPM EM Currency index	44.81	-3.1%	-6.9%
EGP/USD	0.020	-1.4%	-37.0%
TRY/USD	0.029	-0.2%	-13.8%
PKR/USD	0.360	0.0%	1.4%
ILS/USD	0.267	-0.3%	-3.2%
EUR/USD	1.09	-2.3%	-1.4%
GBP/USD	1.29	-3.6%	1.3%
USD/JPY	152.03	5.8%	7.8%

Global Asset Allocation and Outlook

Global Asset Allocation and Outlook

Stronger than expected US economic data and rising betting odds of a Trump victory led the 10-year US Treasury yield to jump 70bps over the last 1.5 months. Rate cut expectations derived from Fed Fund Futures also moved higher by 90bps during the same period. We believe with Trump winning the election and a high probability of Republican clean sweep, 10-year yield could test the 2024's intra-day high of 4.74%. The rise in yield would be driven by rising inflation expectations tied to a more expansionary fiscal policy on the expected extension of 2017 corporate tax cut and a potential for a further tax cut to 15% from 21% currently, a rise in trade tariffs and reducing illegal immigration. As a result, we have tactically reduced the duration of our portfolios and have gone underweight on duration and bonds.

Trump policies such as deregulation (lower regulation on banks), fewer antitrust cases on big tech, less scrutiny on M&As and allowing increased production of fossil fuels are expected to positively impact the US stocks. We expect cyclical stocks (such as industrials and financials) and small caps to be key beneficiaries of such policies. Also, the US equity market tends to perform strongly in November and December during the election years. We expect the reduced Fed rate cut expectations, recent rise in US dollar and potential for increased trade tensions to weigh on the EM equities.

With soft landing as our base case scenario, we continue to advocate an overweight allocation to equities and high-yield credit. Although the labor market has shown signs of cooling down, the last 3-month average monthly jobs added after adjusted for Boeing strike and hurricanes impact is around 140,000. This is close to 150,000 jobs that the economy needs to maintain the unemployment rate around the current levels of 4.1-4.2%.

In scenarios where the Fed is cutting rates and the economy is not in recession, the S&P 500 tends to show an average return of +10% over the next year. One of the best cases of soft landing was in 1995 when the S&P 500 gained 23% post the Fed's first rate cut. Focus will also shift to earnings next year where the market expects S&P 500 EPS to grow 15% YoY. Along with tech healthcare, industrials and materials sectors are expected to show low double digit to high teen earnings growth.

Asset Allocation

	Underweight	Neutral	Overweight
By Asset class:			
Equities			■
Fixed Income	■		
Alternatives		■	
Cash	■		
Equities - by region:			
DM			■
US			■
Japan	■		
Euro Area	■		
EM		■	
EM Asia		■	
EM Europe	■		
EM MENA			■
EM LatAm			■
Fixed Income - by region:			
South Asia			■
Far East Asia		■	
Latin America			■
MENA			■
Sub-Saharan Africa	■		
Central & Eastern Europe	■		
Fixed Income - Rates, Spreads and Duration			
Rates	■		
Spreads		■	
Duration	■		
Fixed Income - Credit:			
Global Investment Grade	■		
Global High Yield			■

Global Asset Allocation and Outlook

Global Equites:

•In equities, we believe a proper bottom-up analysis is important to own quality stocks with solid balance sheets, high operating cash flows and contained leverage to protect from market volatility tied to fluctuation in macroeconomic data and reset of rate cut expectations

•We see a diversified portfolio with a dividend yield cushion to be better equipped to face market volatility. We see a barbel portfolio split between technology and cyclical sectors as well placed to navigate macroeconomic and geopolitical uncertainties that we may face in 2024

•Performance would continue to broaden out with cyclical sectors and small caps participating which were laggard in 2023

•We remain underweight tech. given stretched valuations and on an expected deacceleration in earnings of technology sector names and in acceleration in earnings in other sectors

•We avoid names on higher risk sides of the capital structure such as unprofitable tech and biotech names, etc.

We maintain overweight on the US on improving earnings growth and resilient and economic growth. We see the US economy holding up much better than Europe given relatively stronger consumer spending and consumer confidence. The US will continue to be the driver of innovation in sectors such as AI, semiconductors, clean energy, biotech, etc. We downgrade Japan to underweight given higher rates are expected to hurt the exporters and market sentiment

Preferred Picks:

Technology and communication services: Alphabet, Microsoft, Nvidia, AMD, Amazon, Adobe, Sales Force, META, Netflix

Healthcare: Pfizer, Merck

Industrials/Auto: GM, Ford, Caterpillar, Deere

Financials: Visa and Mastercard

Airlines: Delta Airlines, United Airlines

Utilities: Nextra Energy

Consumer Staples: Walmart

We stay underweight on Europe as we expect earnings growth to struggle on a weaker macro - economic growth environment despite lower relative valuation vs US (1 year forward PE- 14.4x vs 25.4x).

We keep EMs to neutral. However, there are strong structural domestically driven economic growth stories such as India, Indonesia, Mexico and Brazil, which we continue to remain overweight on.

MENA Equities:

We have barbelled our equity portfolio by adding high dividend yield names with high beta names to provide defense to our portfolios given increased volatility tied to geopolitical risks. We advocate a quality bias and strong active management approach to take benefit of market volatility and selective security picking, focusing on balance sheet quality and cash flow visibility. Currently, MENA markets trade at a 5% premium to the MSCI EM Index on a 1-year forward PE basis, which is below the long-term average premium of 10%. If oil prices can average above USD75/bbl, we believe the MENA market should trade at a premium to EM. We continue to see selective opportunities in the Saudi and UAE due to their government’s commitment towards economic diversification leading to sustained spending on infrastructure, industrial, oil and gas, and tourism projects.

Our preferred plays include:

- Banks: Al Rajhi, GBK, NBK, SNB
- Capital Goods: Riyadh Cables, Shaker
- Consumer: Spinneys, Tanmiah
- Energy: ADNOC Drilling, ADNOC Gas, ADNOC L&S, NMDC Energy
- Financial Services: Al Ansari, Boursa Kuwait, Investcorp Capital
- Healthcare: Mouwasat, Pure Health
- Real Estate: Aldar Prop, Emaar Dev, Emaar Prop, TECOM
- Transportation: AD Ports, Budget, DTC, Salik
- Utilities: AWPT, DEWA, Empower

Global Asset Allocation and Outlook

EM Fixed Income:

We have shifted to underweight on duration on the back of a rise in yields and stronger economic data. Fixed income markets pared returns during the month with US elections, stronger economic data pushing yields higher. During the month, 10y US treasury yields closed 50 bp higher at 4.28%. Barclays Global Aggregate Index declined (-3.4%) the most during the month, while High Yield Index inched lower by 0.6%. Interesting, the high yield index has returned 8.9% on a YTD basis. The MENA Broad Bond index was down 2.1% on a MTD basis.

Saudi Arabia. SAUDI Yield curve inched higher during the month. Yields on KSA 5.75 2054 were up by 37bps in October. The Saudi government and entities have issued around $50 billion in bonds in 2024,, which includes corporate and sovereign sales in US dollars and euros. That flurry of activity has made the oil-rich country one of the biggest issuers of international debt in emerging markets this year. The Bloomberg Global Aggregate- Saudi Arabia (I14669US Index) gave a negative return of 2.4% in October.

What we like:ARACEN, DAR AL-ARKAN, SAUDI Govt, SECO, KSA Sukuk, ARAMCO, PIF

UAE. UAE enjoys a positive balance on both its budget and external accounts. Bond issuance is scarce with the federal government selling only its fourth Eurobond ever in June this year. We expect no more bond issuance this year. On the corporate issuance side, Sobha 8.75% and ARADA 8.00% came out with a tap on its existing bond maturing in 2028 and 2029, respectively.

What we like: ABU DHABI Govt, ARADA Sukuk, DAMAC, DIB Sukuk, EIB, EMAAR Sukuk, ESIC Sukuk, FAB Sukuk, GEMS, PD Sukuk, Sobha Sukuk, Binghatti Sukuk, ABU DHABI National Energy, UAE Govt, ADCBUH Perp, EBIUH Perp, DP World

KUWAIT –Equate Petrochemical Company issued a sukuk worth USD750mn maturing in Sep 2031 (5%) with REGS documentation only in August. It is important to remember that majority of Eurobond issuances from Kuwait is from the country's banks and sovereign is a rare issuer, as are corporates. The country has just one sovereign outstanding bond KUWIB 3 ½ 03/20/27 (USD4.5bn).

MEXICO – Mexico's economic growth accelerated more than expected in 3Q24 on solid domestic demand with GDP expanding 1% vs estimate of 0.65%. The threat of increasing tariffs on Mexican products post US presidential election remains a cause of concern for investors. The peso continues to be under pressure on the back of non-market friendly reforms mainly the judicial reforms which the Supreme Court has agreed to review.

What we like: PEMEX, CEMEX

INDIA –India's US-dollar bond market is benefiting from investors seeking higher all-in-yields and diversification. These factors have driven relatively stronger capital flows into the region and credit-spread tightening amid thin liquidity secondary-market conditions in Asia. Meanwhile in the last policy meeting, RBI changed its stance from a hawkish 'withdrawal of accommodation' to 'neutral'.

What we like: INCLEN, ADANI PORTS, INDIABULLS HOUSING, ADANI GREEN

Performance of our Funds

Concerto IS Daman MENA UCITS Fund

The Fund's investment objective to achieve medium to long-term capital appreciation by investing primarily in securities of issuers listed in the MENAPT Region or investing in securities of issuers listed outside of the MENAPT Region but deriving most of their revenues from MENAPT.

The fund lost 0.02% during the month.

	2024	Inception (30 Jul 2020) (Class I)
Total Return*	8.3%	83.9%
Annualized Return	10.1%	15.3%
Annualized Volatility	5.5%	7.8%
Sharpe Ratio	1.1	1.6

** NAV as of 31st October 2024*

Daman UAE IPO Fund

The Fund's investment objective is to generate medium term capital growth by investing in securities issued by companies that are undertaking an initial public offering or by investing in companies that have listed on UAE exchanges in the previous 24 months. The fund was up 2.5% for the month.

	2024	Inception (Aug 2022) (Class A)
Total Return*	17.5%	26.2%
Annualized Return	21.0%	10.9%
Annualized Volatility	10.5%	9.3%
Shape Ratio	1.6	0.7

** NAV as of 1st November 2024*

** NAV as of December 1st, 2023*

About Daman Investments

Daman Asset Management is a dedicated MENA specialist offering mutual funds strategies and bespoke investment products, which have been built on our independent research insights and backed with a proven track record of delivering superior risk-adjusted returns which have substantially outperformed peers and regional benchmarks. Our experienced team manages investments on behalf of local and regional institutions, family offices and high net worth individuals.

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