

Quarterly Investment Report

To quarter end December 2023

Q4

Investment Objective

Gulf Investment Fund plc ("the Company" or "GIF") seeks exposure to emerging investment opportunities and positive fundamental factors in the Gulf Cooperation Council ("GCC") region that have not yet been priced in by the market. The Company invests in quoted equities in the region as well as companies soon to be listed. The Investment Adviser invests using a top-down approach monitoring macro trends and identifying promising sectors and companies in GCC countries.

The Gulf Cooperation Council comprises: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.

NAV Update

NAV: US\$2.5353

Inception Date: 31 July 2007

Market Price: US\$2.2

The NAV is estimated net of fees and expenses every week and announced through the regulatory news service of the London Stock Exchange.

As at 31 December 2023

Ordinary Shares

ISIN: IM00B1Z40704

SEDOL: B1Z4070

Valoren: 3268997

Bloomberg Ticker: GIF LN

Exchange Rate: US\$1.00 = QAR3.64

Key Features

Domicile: Isle of Man

Shares in Issue: 40,103,204

Maturity: Continuation vote in 2023

Year End: 30-June

Management Fee: 0.8 per cent of NAV

Performance Fee: Nil

Investment Manager: Epicure Managers Qatar Limited

Investment Adviser: Qatar Insurance Company S.A.Q.

Administrator: Mainstream Fund Services (IOM) Limited

Custodian: HSBC Doha

Financial Adviser & Broker: Panmure Gordon (UK) Limited

Financial Public Relations: The Maitland Consultancy Limited

Auditor & Tax Adviser: KPMG Audit PLC, IOM.

Quarterly Report: 3 months to 31 December 2023

Highlights

- Net Asset Value (NAV) up 10.6 per cent (S&P GCC Index up 6.1 per cent).
- In 2023 GIF NAV rose 32.1 per cent versus the benchmark which was up 10.0 per cent (22.1 per cent outperformance)
- Outlook for the GCC is good with socio-economic reforms, tourism initiatives and continuing investment in infrastructure projects.
- GIF traded at a 13.2 per cent discount to its NAV as of 31st December 2023 .

Performance in the quarter

GIF outperformed its benchmark (S&P GCC Composite Index) in the quarter to 31 December by 4.6 per cent. Outperformance in the quarter came from holdings in Saudi and Qatar and an underweight position in Kuwait and Dubai.

The Israel-Hamas conflict initially led to volatility in GCC markets. However, they have largely recovered from the lows in October given the very low economic exposure to Israel and Palestine. We expect markets to continue to make progress on the back of continuing regional reforms and infrastructure spending.

In terms of stocks, performance came from holdings in Middle East Healthcare (up 60.3 per cent in the quarter) Saudi National Bank (up 17.8 per cent) Integrated Holding Co. (up 18.1 per cent) Saudi Airlines Catering (up 25.2 per cent) and Saudi Ground Service (up 22.1 per cent).

Holdings that dragged on performance were Cenomi Retail (down 15.4 per cent) Qatar Navigation (down 5.4 per cent) and Qatar Insurance Company (down 3.0 per cent).

In 2023 as a whole the GIF NAV is up 32.1 per cent, outperforming the benchmark by 22.1 per cent.

On 31 December 2023, the GIF share price was trading at a 13.2 per cent discount to NAV (five-year average discount 6.3 per cent).

Changes to portfolio

GIF increased exposure to financials, materials, and consumer discretionary sectors, as valuations look undemanding coupled with attractive growth profiles.

The financials sector weighting increased to 46.3 per cent of NAV in the quarter from 38.5 per cent in Q3, as Gulf Bank of Kuwait, Arab National Bank and Bank Muscat joined the portfolio.

Exposure to the materials sector increased from zero to 5.5 per cent as Advanced Petrochemical, City Cement and Yamama Cement were added to the portfolio. Given their proximity to megaprojects and current relatively low capacity-utilization, Yamama and City Cement are set to enjoy increased demand.

Exposure to healthcare increased by 1.2 per cent points as GIF's healthcare holding, Middle East Healthcare increased in value.

The fund reduced exposure to industrial, energy and real estate sectors.

In terms of GCC markets, GIF increased weight in Saudi Arabia by 7.6 per cent points to 59.3 per cent (vs benchmark weight of 61.4 per cent). The fund remains overweight Qatar (24.8 per cent vs an index weighting of 10.0 per cent), underweight UAE (7.1 per cent vs benchmark weight of 17.7 per cent) and Kuwait (6.5 per cent vs benchmark weight of 9.3 per cent). Qatar still trades at a discount to its GCC peers, trading at 12.9 times earnings (GCC average is 16.6 times).

GIF ended the quarter with 28 holdings: 16 in Saudi Arabia, 7 in Qatar, 2 in the UAE, 2 in Kuwait and 1 in Oman. The cash holding is minimal.

Outlook

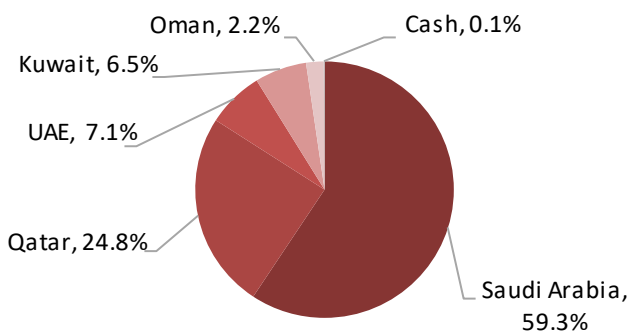
Gulf Cooperation Council (GCC) is a region with a robust economic diversification plan to reduce reliance on oil. Mega infrastructure projects, tourism initiatives and socio-economic reforms all contribute to a positive outlook for the region. The IMF expects GCC real GDP growth to be 1.5 per cent and 3.7 per cent in 2023 and 2024 respectively. Non-oil GDP growth is expected to be 4.3 per cent and 4.0 per cent in 2023 and 2024.

Tourism-related industries are a driver of non-energy growth. Qatar saw the strongest growth, globally, of international tourist arrivals in Jan-July 2023; 95 per cent higher than in 2019. Saudi Arabia was second with a 58 per cent increase on 2019. Visitors to Dubai increased by 21.9 per cent in the Jan-Oct 2023 period, with 13.9 million visitors, surpassing pre-pandemic levels. The Middle East is the only world region to surpass 2019 levels in this period.

OPEC predicts year-on-year growth of oil demand of 2.5 million bpd in 2023 and 2.2 million bpd in 2024. The IMF projects GCC inflation at 2.6 per cent and 2.3 per cent in 2023 and 2024, providing governments in the region with the room to increase fiscal spending.

The GCC countries are actively engaged in transformative socio-economic reforms. Post-pandemic, there's notable progress in social and business-friendly reforms, fiscal sustainability, and strategic investments in digital and green infrastructure.

GIF Country Allocation as of 31 Dec 2023



Source: QIC; as of 31 Dec 2023.

Top 5 Holdings

Company	Country	Sector	% NAV
Saudi National Bank	Saudi Arabia	Financials	9.5%
Middle East Healthcare	Saudi Arabia	Health Care	6.2%
Saudi British Bank	Saudi Arabia	Financials	6.1%
Qatar Navigation	Qatar	Industrials	5.4%
Integrated Holding Company	Kuwait	Industrials	5.0%



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