"The key to winning baseball games is pitching, fundamentals, and three run homers"

- **Earl Weaver**

TL:DR

- **MENA Marathon – General overview – positive picture**
- **Regional Markets – IPO frenzy, Saudi & UAE in focus**
- **Top Pick, Emaar Prop – unfairly judged, and INCREDIBLY valuable**
- **Saudi Surge – Deeper dive in the EM with strongest positive momentum**
- **Egypt – Destructive policy trapping and choking the life out of value**

MENA Marathon

We enter the 2022 stretch of our marathon with strong tailwinds for our MENA markets. High oil prices provide buffers for government budgets and strengthen the ability to push forward plans for economic and social reforms and infrastructure development, not to mention provide general support for sentiment. An expected increase in US interest rates would benefit the profitability of most regional banks, which have significant representation in regional equity market indices. Global events – Expo 2020 in Dubai and the World Cup in Qatar – bring visitors to the region and shine a spotlight on the hosts. Good management of the COVID pandemic has attracted newcomers to the region, especially in the UAE, and should continue to aid population growth and tourism growth (both domestic and international) as the world reopens. New listings and changes in foreign ownership limits, coupled with appreciating stock prices, have broadened MENA's representation in global stock indices, making the region more relevant for international investors, who may be enticed to reduce their underweights to the region and thus bring in more demand for regional stocks. The IPO pipeline in the region looks strong and could bring yet further new investment into the region.

But with all these positive drivers currently in place for 2022, we must also look back at how the markets have already been pricing them in 2021. 2021 was a strong year for MENA markets. Abu Dhabi led the way with a remarkable 68% performance, with heavyweight telco Etisalat doubling in value primarily due to positioning for increased index flows. Saudi Arabia appreciated by 30%, followed closely by Dubai at 28% and Kuwait at 27%. Even regional laggards Qatar and Egypt moved up by double digits, at 11% and 10% respectively. These market-level returns understate extremely strong performances by certain large stocks, such as Al Rajhi Bank which nearly doubled on strong balance sheet and profit performance arising from straightforward themes like exposure to mortgage growth; this one bank represented almost 30% of the MSCI Arabia index's performance in 2021.

The strong 2021 performance of many stocks suggests that some of the positive factors we see today have already been identified by the market. So, in the parlance of our MENA marathon, we cannot coast on the

tailwinds provided by the healthy environment in which we enter this year. Instead, we must continue to dig deep to identify good companies that are also still attractively priced and well-placed to benefit from said tailwinds. Fortunately, we do see many such opportunities, some of which we will dwell a little longer on below.

Regional Stock Market Developments

Before moving to specific opportunities, we wanted to give some colour on the recent developments in our equity capital markets, with particular focus on the IPO pipeline and the further opening of the markets to foreign investors. Notably, 2021 brought a return of IPOs in earnest, especially in the Saudi and Abu Dhabi markets. These included companies from a wide range of industries, from renewable energy to e-commerce to fintech to burgers, to the Saudi stock exchange group itself; and from large cap national champions to smaller companies listing on Saudi's parallel market, Nomu. The combined deal value of the offerings (i.e., just the value of the shares offered, not of the total company shares) in Saudi alone exceeded USD 5 billion at IPO price. We were happy to see this broadening of our MENA universe and are excited about the ongoing pipeline of new offerings expected to come to the MENA markets this year. We are also very please to see that many management teams in charge of these IPOs are sincerely focused on attracting long term capital and will actively avoid allocating to faster hotter money looking to flip their allocations.

In 2021, the DFM was a laggard in the IPO space. In fact, the number of listed names shrunk, with Emaar Properties reacquisition of Emaar Malls, and DAMAC going private. However, shortly after the start of Expo 2020 in the fall (we think the timing was tactical given Dubai's visibility in the moment), the DFM's board of directors got a revamp and Dubai announced a new initiative to revive the equity market through listing nearly a dozen government entities on the market, and strong suggestions that some larger private sector conglomerates may also go public in the near future. The most notable explicit announcements included DEWA, Emirates Airlines and/or subsidiaries thereof, and Empower (Dubai's largest district cooling firm). Alongside that, the Jebel Ali Free Zone Authority (JAFZA) and Dubai Airport Free Zone Authority (DAFZA) introduced new regulations to allow companies registered under those authorities to IPO on the DFM and Nasdaq Dubai, paving the way for a more consistent flow of interesting IPOs with an international tilt. While preparations for listings are still underway, the intention is clear, and investors are relieved to see Dubai giving the equity market some attention and love. Reaction in the market was swift and positive, with price spikes in the stock of DFM itself as well as those of bellwethers like Emaar. We expect follow through on new listings in 2022, with Dubai offerings to join the broader MENA IPO pipeline this year.

While new IPOs have increased the breadth of our markets, we are also seeing initiatives from various companies and markets to open further to foreign investors. These efforts include company-specific actions like increasing foreign ownership limits (e.g., Etisalat in the UAE), as well as market or industry-wide announcements of increased or altogether removed foreign ownership limits (e.g., as in Qatar). The Saudi main market is still accessible only to qualified foreign investors, but the requirements to be classified as a QFI have been eased over time. Efforts to make markets more attractive for all investors include trading fee reductions and waivers of minimum fees in the UAE, and new initiatives to encourage or require quarterly conference calls (Qatar, Kuwait) and promote ESG disclosure and improvement.

Emaar: Mirage or Oasis?

Emaar is our largest holding across portfolios as we see significant value both on current and future cash flows, and despite a rally in 2021, we continue to see significant upside today. We have a positive view on Emaar despite the widely known (and completely acknowledged by us) investor criticisms. To highlight these criticisms (we highlight these internally on a near weekly basis as we continually test our thesis): (i) lack of an Investor Relations function and generally weaker than desired communication frequency and timeliness, (ii) lack of a clear and consistent progressive dividend policy, (iii) lack of transparency which can lead to a higher potential for governance breaches (or at least the perception) due to the Chairman's ventures and key relationships with GREs, (iv) disregard of minority shareholders' return requirements and no action to reduce the dislocation between NAV (USD 28bn) versus market capitalisation (USD 11bn) by the Board and finally (v) unsuccessful international ventures.

With all that said, Emaar continues to be the premier real estate developer within the UAE, boasting a solid reputation for good quality product and timely handovers for over 20 years. No one who has visited Dubai can deny the company's success in transforming barren deserts into premium liveable communities, while simultaneously spurring employment and improving the quality of life for thousands of workers. A majority of Emaar's construction workforce come from developing countries and lack employment opportunities at home, and despite numerous critiques regarding the treatment and safety of blue-collar labour (especially in the sector) in the UAE, Emaar's basic safety precautions and duty of care considerations are vastly more developed than its peers across the region, and even better than many international blue chips developers. Emaar even boasts one of the most comprehensive water re-use and recycling programmes in the region (fresh water, in our humble opinion, trumps carbon emissions as the key environmental concern in our desert climate). However, in line with lacking an IR function, Emaar unsurprisingly has not been able to translate its genuinely strong ESG credentials to a clear ESG policy. Hence, Emaar's positive social, environmental, and national development contributions are often overlooked, with weaknesses in governance continually taking centre stage.

Downtown Dubai

2005

Today

Dubai Marina

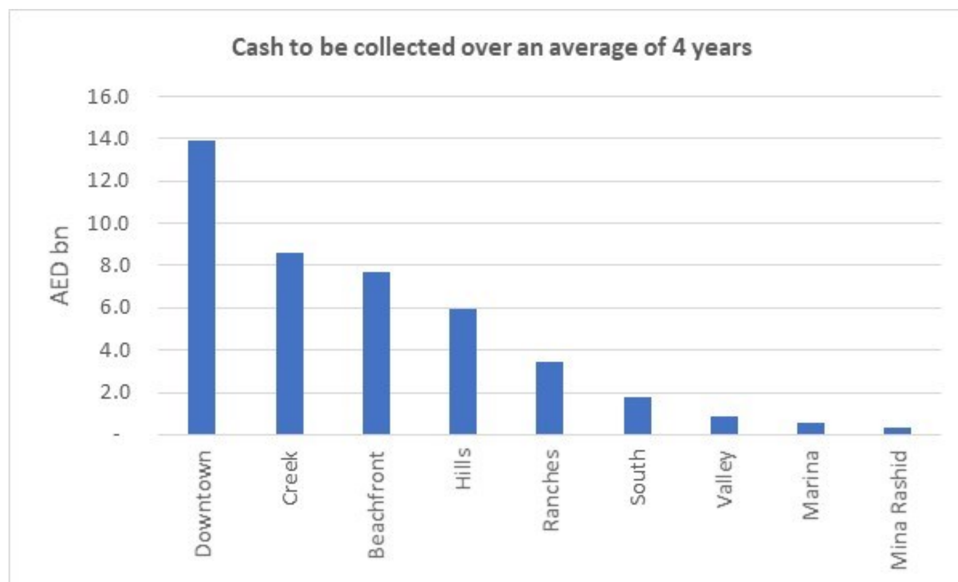
2003

Today

Dubai's population has grown from 1.4mn residents in 2006 to 3.4mn in 2022 and is targeted to reach 5.8mn in 2040. We believe Emaar can continue to terraform the city for another decade or more with its current sec-

ond-generation projects such as Dubai Creek and Dubai Hills, where it has so far delivered nearly 2,700 and 6,300 units respectively. This represents a development area of 31mn sq. feet (developed thus far in these projects) and leaves 315mn sq. feet for future development and sale over the next decade. From our site visits and community checks, Dubai Hills is now one of the most sought-after residential developments in Dubai. This is reflected in a 30-50% increase in unit prices since mid-2020. The development at the Creek Harbour, with its stock largely composed of apartments, has fared somewhat less well with stable prices over the same period, but nonetheless has sold 89% of all launched units to date. The development is coming along well and is now connected to the more populated side of the city which should increase acceptance of the product. We expect Emaar to replicate its past successes such as Downtown Dubai, Emirates Living, Arabian Ranches and Marina over the longer term, which should create significant shareholder value from both current projects in addition to its other smaller projects at The Valley, Dubai South, and Mina Rashid as well as its premier sea view development Beachfront. Realistically, there will be more announcements given the swathes of undeveloped "white-lands" dotted around the emirate, as anyone who has lost their way driving along Dubai's seemingly dynamic road system can attest to.

We expect Emaar's Dubai-only developments to generate cashflows of AED 43bn against construction costs of AED 16.4bn over the next several years, leaving at least AED 27bn (USD 7.35bn) surplus cash.



We should note that the above calculation would not be possible without the detailed presentations on the company's IR webpage. Despite not having an active / separate IR function, Emaar consistently provides visibility into their operations whether development, leasing, or hospitality. Their depth and consistency of disclosure is generally superior to that of peers, despite investor perception being the opposite. There is no other real estate company in the region for whom it is as easy to retrace the past 15 years of operations consistently, and thus understand the true earnings potential and return profile.

Emaar's lack of transparency on dealings with related party entities is a continual concern, but the materiality of governance breaches is difficult to determine. For example, we notice advertisements of Noon on Emaar's buildings, but also see Emaar promoting properties on Noon's app. The more material governance risks around its relationship with GREs in the JVs that control Dubai Creek and Dubai Hills have thus far not resulted

in any material breaches and have provided Emaar with significant prime land to develop as the development phase at Downtown, Emirates Living, and Arabian Ranches concludes. However, the risk to minority shareholders from a governance perspective remains and we expect it will remain, contributing to a higher cost of risk for the name. The current stock price is overly punitive on this risk, in our view. We have repeatedly raised this issue with Emaar's management, and they have added additional disclosures both verbally and in their presentations around cash flow from the JVs to partially mitigate this risk.

On the environmental aspect, the company had set a target to reduce energy and water consumption by 20% over 2016-2021, and they have progressed well towards this target. For example, the Dubai Fountain in Downtown Dubai uses effluent (grey water rather than potable water), sourced from the nearby Burj Khalifa and downtown area as it needed a renewable source to replace water lost to evaporation at a low cost and lower energy consumption. Besides this, Emaar utilises district cooling (DC) plants across its developments, which consume less energy than regular air conditioning, which is the highest driver of energy consumption in the region from a residential perspective. District cooling uses significantly (up to 60%) less energy than traditional A/C solutions. In 2020, the company booked a gain of AED 2.2bn on the sale of 80% of its Downtown DC plants to Tabreed for AED 2.48bn; a significant premium versus similar transactions. Emaar has plants worth AED 600mn+ at other developments that are saleable as and when needed.

Emaar's management is commercially savvy, which is necessary to operate a real estate company in an emerging economy. Evidence to this is their performance during the 2008 - 2010 real estate crisis, when most real estate companies needed bail outs, while Emaar remained profitable despite write-downs and came out strong without the government's support. Moreover, during the past decade Emaar has created profitable retail and hotel brands/chains from scratch which are worth nearly USD 19bn as of YE 2020. Emaar's ability to create assets and generate value should continue to support growth in shareholders' equity. We have not seen peers such as Aldar setting the same standards of performance: operational KPIs of Emaar's retail and hospitality businesses are dramatically better than any of its regional peers.

Aldar is as strategically linked to the Abu Dhabi Government (ADG) as Emaar is to the Dubai Government, but Emaar is commercially run whereas Aldar is highly dependent on ADG for most of its operations (from a lease income perspective) as well as its credit rating. Emaar benefits from its links to Dubai GREs such as (i) access to prime locations e.g., Rove hotel at the Expo 2020 site and another one opposite Lapita, Dubai Parks and Resorts and (ii) DMCC partnership to offer 'home office business license' at Dubai Hills; however, as these do not contribute significantly to revenue/profits or growth prospects, Emaar's dependency on the Dubai Government to remain profitable is low. The company's tie-ups with GREs to access land plots in the city comes with a profit-sharing agreement and is not gifted land – while Aldar continues to benefit from land grants and other forms of direct support. Additionally, Emaar runs a growing business while Aldar's growth is much more limited, hence it is unreasonable to expect the same level of cash distributions.

In conclusion, Emaar's reported equity grew from AED 5.7bn in 2002 to AED 57bn in 2020 with NAV at AED 104bn. The two things that could help reflect this value in the stock are (i) strong real estate price appreciation in Dubai and (ii) some action from Emaar's Board to shrink the valuation gap. According to local real estate brokers and pundits, real estate prices in Dubai are expected to increase by 6-9% in 2022, and from what we've seen over the past two months, that may be an underestimate. Dubai's profile as a city has significantly improved over the past 10 years: young single residents who had moved to the city a decade ago, now have families and are moving from apartments into larger family homes - this is a good source of stable housing demand which was not present previously. Moreover, because of the excellent management of COVID-19 relat-

ed challenges by the Dubai Government, the city has seen interest from European citizens who were never buyers before. We speak with Emaar's senior management and board members on an ongoing basis and highlight the return requirements of minority shareholders as well as concrete steps they can take to improve governance and the perception of their ESG activities; we will persevere until we see positive change.

Saudi Arabia 2022 Outlook: Any Storms in a Sea of Money?

The Saudi market stood out for its strong returns in 2021, particularly in Al Rajhi Bank, the largest index component and among the largest corporates, for whom mid-teens loan growth guidance at the beginning of 2021 turned into 33% YTD loan growth in only nine months, on the back of surging mortgage demand and strong corporate demand. Thus, the lofty valuations at which Rajhi traded in Q1 2021 turned out to be an entry opportunity rather than a warning signal. One might liken it to the perfect wave for a surfer, but dangerous for someone with only a boogie board. 2021 in Saudi was a year characterised by outperformance of the strongest players, rather than a year when underdogs triumphed. This was true within the petchem space as the KSA petchems enjoyed record product prices combined with (initially) a more benign input price environment, although as we write, that balance continues to shift. A commodity price boom globally disproportionately benefits Saudi equities given the high share of the market comprised of materials and petrochemical names. Beyond petrochemicals and banks, standouts within the consumer space, in particular Extra, continued to surprise positively with the uplift on demand and earnings from their consumer financing product. And in services, the largest players dominated in terms of both operational and price performance, lifting forward multiples to record heights. Standouts included Sulaiman Habib in the health care space, Ataa in the education space, and Leejam in the fitness space. In the latter half of the year, we saw the listing of several more giants as ACWA Power, STC Solutions, and Tadawul Group listed to great fanfare, strong demand, and strong post-listing returns. Following this strength in the 'giants' in Saudi in 2021, what do we expect in 2022?

As we roll into 2022, the rising tide of retail and institutional domestic investment that has bolstered the Saudi stock market since May 2020 shows no signs of ebbing. More importantly, when we examine both the economic fundamentals of the Saudi economy as well as the dynamics of the market, the outlook remains extremely supportive in 2022, even before considering that the huge international institutional underweight to Saudi (which widened in 2022 despite foreign investment due to outperformance of the Saudi market vs. EM) seems likely to shrink as high oil prices and high real growth in the KSA economy coupled with ongoing social liberalisation make the market increasingly difficult to underweight or ignore.

Moreover, high oil prices, a rising interest rate environment, and supportive government policies on domestic investment are slated to support the largest cap sectors of the Saudi market (financials and petchems), making it, in a certain sense, easier for internationals to erase their underweights with minimal intellectual effort. Beyond that, any examination of the incentive structures of the KSA retail investor, the KSA GRE investor, and the KSA regulator makes it clear that numerous segments of Saudi government, leadership, and society have a vested interest in continued performance of the stock market, whether from increasing the depth of investment in small companies via Nomu (Tadawul's small-cap sibling), the listing of parastate assets (such as the recent listing of Tadawul Group itself) on Tadawul, or from encouraging further KSA retail and institutional domestic investment.

To extend the opening analogy, the Saudi equity market isn't so much a sea of money as it is a wave pool, and the authorities seem determined to build up the support walls and increase the participants so a big crowd can ride on larger waves. Saudi equity market trading remains dominated (over 80%) by retail while holdings (also close to 80%) are dominated by Saudi GREs. As long as both groups retain their conviction in the Saudi domestic growth story (a conviction that Saudi authorities and market players work assiduously to bolster both through improved market function, which we highly commend, and through marketing / branding of superior returns in domestic investing), we don't expect retail participation to ease, nor do we see any pressure (in fact, we see the opposite) on GREs to reduce their domestic holdings.

Looking beyond this supportive environment, from a fundamental perspective 2022 appears highly favourable for Saudi financials. This makes it difficult to argue that value /growth will trump momentum or dynamics in the market, since by their nature, fundamental value in the financial stocks has a momentum element given the expected widening of their spread on free deposits with a rise in interest rates, especially when combined with high oil prices that tend to bolster wage and other direct payments from the Saudi government to its citizens. When high oil prices are sustained (with what's happening in Europe it may be for a while longer than expected), fundamentally driven value in Saudi large caps (particularly financials) tends to rise given the support for government spending. This is our expectation for 2022: high oil prices combined with a kick-off of large-scale spending related to the various megaprojects of Vision 2030. We failed to see significant cash flow into these megaprojects in 2021, but industry players are optimistic on project spend for 2022, which we expect will reflect first through state and international players, then the banks, and subsequently through the materials players, while ultimately benefiting a number of the consumer services players as tourism (both domestic and inbound) ramps up from its post-COVID lows towards Vision 2030, which projects a quadrupling of inbound visitor nights – both religious and nonreligious – as the Red Sea resorts infrastructure, heritage tourism infrastructure, and NEOM-related infrastructure develop.

From an investment perspective, we see long duration value in the Saudi consumer services plays, with domestic demand rising driven by increased access to financial products (largely a 2020-21 story in mortgages and purchase of goods with consumer finance solutions) as well as by a demographic bulge and significant improvements in the attractiveness of private sector employment. Moreover, as Saudi races to invest in its technological infrastructure, we see opportunities for improvement in its labour structure with fewer expats required if technological substitutions succeeds in raising the productivity of the population in general while simultaneously making certain jobs more attractive (a Saudi might happily work at a technologically advanced petrol station if robotics allow him to manage pumps from a desk, making the job more grey collar or even pink collar in the long term). In the short term, value and growth are likely to be most investable through financial services as it will take several years for infrastructure investments to trickle down into employment and services demand.

In the medium term, we continue to see health and welfare driven consumer services as highly attractive given their strong return profile and primacy in government drives to improve quality of life for Saudis. Within these names, we believe (and already see) that quality of management and service drives valuation premiums and as we have historically, we expect to generate significant alpha by investing behind the best Saudi management teams. A recent discussion of the car rental industry over the past decade highlighted to us that even in a highly commoditised service, quality management can sustainably drive a 4-5% realised IRR premium that has turned into an excess return of 8-10% in the equity market. It is *these high quality*, Saudi led companies in which we see the highest potential for outperformance over the medium term, and our team remains focused on identifying and investing behind these companies despite their current challenges on utilisation and demand due to the pandemic.

In the long term, we are heartened by the broad commitment of the KSA market authorities to deepening and broadening the Tadawul and continuing to grow Nomu. As we cast our gaze back to the 2003-7 period, numerous companies, now seen as leaders in the KSA equity market, were launched as relatively small IPOs with immature management teams and limited strategies. Seeing how these companies have grown and matured gives us confidence that the current crop of listings will sustain the market far into the future with interesting growth stories and with management teams that can grow and develop with their companies.

In summary, we continue to see great opportunity within the Saudi banking space as it is the prime conduit for government spending on infrastructure, for local retail savings and investment, and the best way to earn excess returns on rising rates. These opportunities lie at the wide mouth of the Saudi market 'wave pool'. As we plunge deeper, we believe excess returns will primarily be generated by the most skilled swimmers: those Saudi management teams with a commitment to domestic growth based on technological innovation (we see examples today in education, health care, data centre management, human resource, and manpower companies, and in tourism companies, to name only a few).

Frog-Boiled on the Nile or, How to Build Your Own Value Trap in Three Easy Steps

To say we are frustrated with our Egypt positions is an understatement. Despite very strong performance across several of our key holdings in 2021, weakness in others and increasing lack of investability across swathes of the market have left us aggravated by the regulator, the monetary policymakers, and some of the market players themselves. Before diving into our critique, it's important to single out a key element of Egypt's leadership that has performed exceptionally well: the fiscal policymakers. Since 2015, policymakers have made a series of incredibly difficult decisions, largely pertaining to the rollback of subsidies and imposition of taxes that that significantly improved Egypt's fiscal position and have in fact righted the ship of state for years to come from a revenue perspective.

Unfortunately, monetary policymakers have used this fiscal rectitude on the revenue side to continue to build up FX reserves and prop up the currency, against all logic in our view. This has had a knock-on negative effect in the equity market: raising the cost of equity and encouraging fixed income investment over equity investment or other direct FDI. At the same time, market regulators have opted for collective punishment over targeted sanction in the equity market with respect to insider trading and other trade manipulation, cancelling trades at unequalled rates globally and negatively affecting both liquidity and confidence in the market for local and foreign investors. Moreover, increasingly heavy-handed intervention by the FRA into merger and acquisition activity of listed companies has resulted in several failed deals and in deal flow in Egypt shifting entirely to the excessively frothy private / venture side, leaving well regarded, well-run, and mature Egyptian listed corporations unable to grow as they wish while untested private enterprises suck up all the cash. In fact, the only successful M&A deals have consisted of GCC entities purchasing listed Egyptian entities at discounted rates, further discouraging equity investors.

It's simply a case of a country building a value trap around its own companies, with little rationale we can discover, other than a misplaced protectionism and fear of a free-floating currency. While we can understand and sympathise with fear of devaluation, especially in a country that is the world's largest wheat importer and has a burgeoning, youthful population still reliant on food subsidies despite significant, successful reform of the

subsidy program, the authorities' defence of the currency through artificially high real interest rates has made the rest of the economy vastly more rigid due to a lack of investment inflow whether domestically (where an investor can earn a stable return on fixed income bills at a risk adjusted premium to EGX performance) or internationally, where Egypt's weak regulatory structure (more on that below) and simultaneously attractive fixed income instruments make the investment choice AGAINST direct FDI or equity investment a clear bet. In fact, it's as if authorities are so concerned with shoring up the banks of the "Nile River" of USD cash flow they've forgotten that people need to use the river for commerce and daily life, and left the boats, docks, and bridges to crumble while shoring up the sides!

To compound its woes, over the past 18 months, Egypt's financial regulators, particularly the FRA, have taken an ever more muscular approach towards regulation. On the positive side, this has led to Egypt developing a robust and enviable policy framework around fintech and new forms of microlending and financing, much needed in a country that historically ran on small amounts of cash. These regulations have sped up Egyptian financial inclusion at a very rapid pace and allowed the successful listings of both Fawry and E-Finance, and proposed upcoming listings of several more companies. Financial inclusion has dovetailed with improved fiscal regulation on taxation and subsidies and stands to improve government revenues for years to come, as many more transactions at corner kiosks and tiny retail shops are now part of the financial system, as are many Egyptians who have never had a traditional bank account, but now enjoy a mobile wallet.

Unfortunately, the FRA's meat headed, ham fisted, altogether asinine approach that has so supported the fintech and microfinance frameworks has hobbled the growth of numerous larger (listed) plays…scuppering entirely or slowing significantly major deals in telecommunications, health care, and staples to name but a few. As best we can tell, the impetus behind this obstructionism is knee-jerk in nature and neither well thought out nor particularly vengeful, simply inefficient, and unintelligent, and thus just stifling enough to discourage further M&A. This prevents Egyptian companies from growing as rapidly as they'd like and continues to hinder the recovery of Egypt as an investable EM market following the Arab Spring and EGP devaluation which significantly shrank the market cap and tradeable value of much of the market. In our view, the solution is a lighter touch approach which does not mandate FRA approval of acquisition valuations, nor require multiple ministry approvals to proceed. Egyptian listed companies are best in class operators, certainly when compared with either African or GCC operators in the same spaces: able to earn superior returns in extremely challenging conditions. Allowing these leading companies to consolidate market share and grow beyond Egypt can only be a positive for the country and the market, and yet the regulator continues to impede this and trap these companies in too small clothes.

Finally, 2021 saw the regulator impede normal market function numerous times, cancelling trades in their entirety for a day or even period of days; in one case this occurred around a month end and index rebalance date that imperilled reporting for international funds. When questioned on these tactics, the regulator appeared completely unrepentant, and further damaged the reputation of the market for international investors, particularly because there seems to be no interesting in punishing the perpetrators of pump and dump and other trading schemes among Egyptian retail traders, making the market ever more rigid in much the same way as we showed monetary policy has introduced economic fragility in our discussion above.

How to Dismantle the Value Trap: The solution to the challenges of the Egyptian economy and the Egyptian equity market are similar in our opinion: allow funds to flow more freely into the Egyptian economy by allowing the currency to depreciate (a fair depreciation of only 3-5% is needed, no more) such that the country risk premium for Egypt should decline, especially as we move into a new period of global rate increases, relax the

death grip on the M&A aspirations of listed companies to allow them to grow, and finally improve market regulation to focus on the perpetrators of market manipulation rather than simply cancelling trades wholesale. These steps will have the effect of stimulating real economic growth in productive sectors and will reduce the current account deficit, while encouraging both local and international investment in the best companies in the equity market, who will be able to demonstrate their ability to grow.