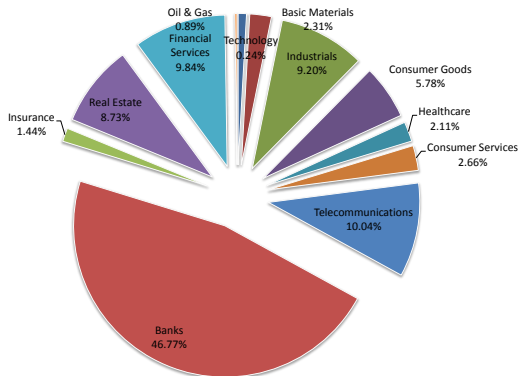




KSE Quarterly Report (3Q 2016)

Sector Weight by Market Cap.



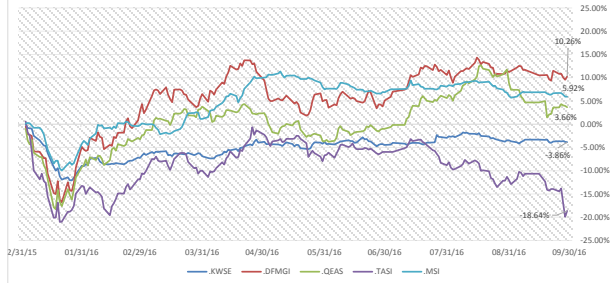
Top 10 Companies by Market Cap.

Company Name	Mkt Cap (KWD Mn)	% Weight from Total Mkt Cap	P/E (x)	ROE* (%)
National Bank of Kuwait	3,321	13.42%	12.80	8.87
Kuwait Finance House	2,460	9.94%	16.12	10.56
Mobile Telecommunications Co (ZAIN)	1,448	5.85%	9.84	10.18
Ahli United Bank (B.S.C)	1,317	5.32%	7.83	14.93
Kuwait Food Co. (Americana)	1,013	4.09%	19.20	15.30
Boubyan Bank	833	3.37%	21.26	10.84
Kuwait Projects Co.(Holding)	809	3.27%	12.27	8.92
Mabane Co.	705	2.85%	15.39	16.31
Gulf Bank	700	2.83%	16.29	7.64
Ahli United Bank - Kuwait	675	2.73%	14.38	11.99

*ROE is calculated based on TTM net profit & shareholders' equity
Source: KSE, Arzan Asset Management & Thompson Reuters

Relative Performance

Relative Performance of GCC Markets



Market Commentary

KSE indices continued to remain subdued (passive) during 3rd quarter, with KSE Price Index rebounded marginally by 0.63%, followed by KSE Weighted Index by 0.12% and Kuwait 15 Index by 1.04%. KSE is the second worst performer in GCC region, with YTD return of -3.86% as compared to DFMGI of 10.26%, MSI of 5.92%, QEAS of 3.66% and TASI of -18.64%. KSE market capitalization reached KWD 24,736 million, marginally increase by 0.63% from previous quarter.

Furthermore total volume traded for 3rd quarter decreased significantly by 59% compared to the preceding quarter, reaching to KWS 3,729 million. During the same quarter, total value traded decreased by 48% reaching to KWD 392 million. Total deals (trades) for 3rd quarter also decreased significantly by 46% reaching to 107,209.

The sectors closed mixed with 3rd quarter highest gainer was the Industrial sector, achieving a positive return of 9.21% followed by Healthcare of 7.78% and Financial Services by 1.82%. On the other hand, Consumer Services, Basic Materials and Insurance sector headed the losers list by -10.24%, -5.55% and -4.79%. 3rd quarter also impacted negatively on the neighbor market such as Saudi, which can be attributed to global factors as well as developments seen in the domestic economies. Investors preferred to offload their positions, especially in Kuwait and Saudi Arabia, which are facing significant headwinds in the form of liquidity constraints among the banks and government's ability to fund the burgeoning deficit on the back of depressed oil prices. Kuwait posted a budget deficit of KWD7 billion for the fiscal year 2015/2016. The deficit reached 21% of GDP and was first in 17 years; compares to an average budget surplus of 21% of GDP recorded during the previous years. Kuwait government is forecasting a similar deficit of KWD 8.7 billion which represents 26% of GDP for FY16/17 as the low oil price environment prevails. (source: Reuters news)

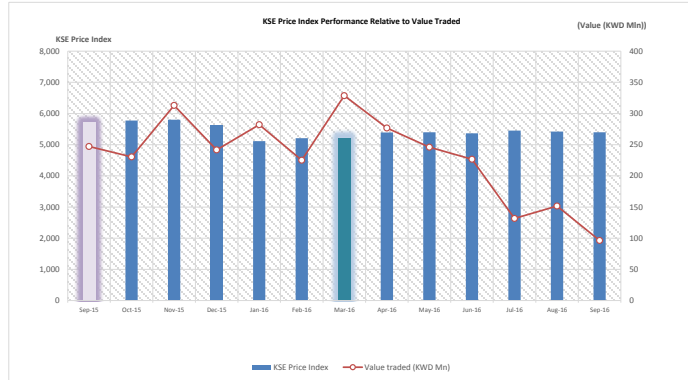
We expect the market to continue to be subdued in the short term due to the relatively weak macro environment domestically and low oil prices. However, we maintain a cautiously optimistic stance on the medium-term outlook for the Kuwaiti market, provided that the momentum of government spending will be sustained and oil prices have reached bottom, which should eventually reflect positively on the earnings' growth of companies listed on the KSE.

Market Capitalization - Sector's Return

Market Cap. (KWD Mn)	MTM Chg	MTD % Chg	QTD % Chg	QTD % Chg	YTD Chg	YTD % Chg
Kuwait Stock Exchange	24,742	▼ -0.39%	▲ 0.63%	▲ 0.63%	▼ -3.86%	▼ -3.86%
Oil & Gas	220	▼ -1.31%	▼ -4.60%	▼ -4.60%	▼ -7.55%	▼ -7.55%
Basic Materials	571	▼ -0.46%	▼ -5.55%	▼ -5.55%	▼ -6.08%	▼ -6.08%
Industrials	2,276	▲ 0.41%	▲ 9.21%	▲ 9.21%	▲ 10.69%	▲ 10.69%
Consumer Goods	1,430	▼ -3.21%	▼ -2.60%	▼ -2.60%	▲ 3.42%	▲ 3.42%
Healthcare	522	▲ 0.56%	▲ 7.78%	▲ 7.78%	▲ 15.59%	▲ 15.59%
Consumer Services	658	▼ -0.97%	▼ -10.24%	▼ -10.24%	▼ -10.35%	▼ -10.35%
Telecommunications	2,483	▼ -1.04%	▼ -4.70%	▼ -4.70%	▼ -2.96%	▼ -2.96%
Banks	11,573	▲ 0.81%	▲ 0.71%	▲ 0.71%	▼ -12.40%	▼ -12.40%
Insurance	356	▼ -2.31%	▼ -4.79%	▼ -4.79%	▼ -13.47%	▼ -13.47%
Real Estate	2,161	▼ -1.13%	▼ -1.13%	▼ -1.13%	▼ -12.99%	▼ -12.99%
Financial Services	2,434	▲ 0.45%	▲ 1.82%	▲ 1.82%	▼ -5.51%	▼ -5.51%
Technology	59	▼ -0.24%	▼ -0.72%	▼ -0.72%	▲ 18.04%	▲ 18.04%

Benchmark's Return

	Closing Value	MTM Chg	MTD % Chg	QTD % Chg	QTD % Chg	YTD Chg	YTD % Chg
KSE Price Index	5,398	▼ -0.39%	▲ 0.63%	▲ 0.63%	▲ 0.63%	▼ -3.86%	▼ -3.86%
KSE Weighted Index	352	▲ 1.30%	▲ 0.12%	▲ 0.12%	▲ 0.12%	▼ -7.82%	▼ -7.82%
Kuwait 15 Index	814	▲ 1.53%	▲ 1.04%	▲ 1.04%	▲ 1.04%	▼ -9.59%	▼ -9.59%



Market Trading Data

Trading Indicators	QTD Chg	QTD % Change	Total QTD Value	YTD	Average Daily 2016	Average Daily 2015	Average Daily 2014
Volume (Shrs Mn)	▼	-59%	3,729	22,207	120	167	217
Value traded (KWD Mn)	▼	-48%	392	1,977	11	16	25
No. of trades	▼	-46%	107,209	523,563	2,834	3,858	4,860

Volatility Since January (Annualised Std Deviation of Daily Returns)			
	2016	2015	2014
Market Volatility			
KSE Price Index	7.4%	8.1%	10.4%
Dubai Financial Market General Index	14.0%	25.1%	38.9%
Tadawul	16.6%	24.5%	21.8%
Dow Jones Index	10.1%	16.1%	11.3%
London Stock Exchange Index	29.9%	27.3%	21.7%
Hang Seng Index	15.2%		13.7%

**Standard deviation is a measurement on the risk associated with stocks/index and a quantified estimate of the uncertainty of returns.

QTD's Most Active by Value	Close (KWD)	Value (KWD Mn)
National Bank of Kuwait	0.590	216.182
Kuwait Finance House	0.470	213.919
Mobile Telecommunications Co (ZAIN)	0.335	115.993
Agility	0.475	86.629
Boubyan Bank	0.385	54.055

QTD's Most Active by Volume	Close (KWD)	Volume (Shares Mn)
Al-Mal Investment Co.	0.023	239
Investors Holding Group Co.	0.021	189
Al Salam Group Holding Co.	0.047	187
National Ranges Co.	0.029	125
Hits Telecom Holding Co.	0.038	124

QTD's Top % Gainers	Close (KWD)	Percentage Change
National Consumer Holding Co.	0.040	220.0%
Real Estate Trade Centers Co.	0.034	81.1%
KAMCO Investment Co.	0.128	62.0%
Kuwait Remal Real Estate Co.	0.049	46.3%
Kuwait Hotels Co.	0.300	42.9%

QTD's Top % Losers	Close (KWD)	Percentage Change
Al Masaken International Real Estate Development Co.	0.051	-64.08%
Kuwait National Cinema Co.	0.95	-44.12%
Credit Rating & Collection Co.	0.0305	-42.45%
Danah Al Safat Food Stuff	0.085	-31.45%
Asiya Capital Investment Co.	0.0305	-21.79%

Source: KSE, Arzan Asset Management & Thompson Reuters

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