Arabian Fund Market Summary – Review Q1 2021

The fund industry in the Arabian markets (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates) enjoyed overall estimated net inflows of $5.0 bn over the course of Q1 2021. These inflows occurred in a further normalized market environment after the outbreak of the coronavirus and the resulting lockdowns around the globe. Nevertheless, the market environment remained volatile and vulnerable as investors were unsure about the short- and mid-term growth perspectives of companies and economies as the third wave of COVID-19 hit countries around the globe.

Assets Under Management in the Arabian Fund Markets

Within this environment, the overall assets under management in the Arabian fund markets increased from $52.0 bn at the end of 2021 to $57.2 bn as of March 31, 2021. This increase was driven by overall net sales (+$5.0 bn), while the performance of the underlying markets added (+$0.1 bn) to the overall increase in assets under management.

Graph 1: Assets Under Management in the Fund Industry of the Arabian Markets (US Dollar Billions)

Source: Refinitiv Lipper
**Assets Under Management by Fund Market**

The assets under management in the Arabian fund markets are highly concentrated since the largest fund market, Saudi Arabia, accounts for $53.4 bn, or 93.39%, of the overall assets under management. Meanwhile, Kuwait accounts for $2.0 bn, or 3.43%, of the overall assets under management, and the United Arab Emirates accounts for $1.5 bn, or 2.63%, of the overall assets under management. The other three countries—Qatar ($0.2 bn), Oman ($0.1 bn), and Bahrain ($0.1 bn)—amount to 0.55% of the overall assets under management in the Arabian fund market.

**Graph 2: Market Share by Fund Market (March 31, 2021)**

Source: Refinitiv Lipper
Assets Under Management by Asset Type
Money market funds ($46.9 bn) were the asset type with the highest assets under management at the end of March 2021, followed by equity funds ($7.6 bn), mixed-assets funds ($1.3 bn), bond funds ($0.9 bn), real estate funds ($0.4 bn), “other” funds ($0.05 bn), and alternatives funds ($0.02 bn).

Graph 3: Market Share by Asset Type (March 31, 2021)

Source: Refinitiv Lipper
**Arabian Fund Flow Trends Q1 2021**

Generally speaking, one can say that the conditions in the global securities markets have further normalized over the course of the first quarter of the year 2021. Nevertheless, we witnessed an increased volatility because investors are still unsure about the short- and mid-term growth prospects of companies and economies as the third wave of COVID-19 hits more and more countries despite the ongoing vaccination programs. That said, the first quarter of the year 2021 can be considered as positive since mutual funds (+$5.0 bn) have enjoyed net inflows.

**Fund Flows by Asset Type**

One can get a better idea of the flow pattern by taking a more detailed look at the estimated net flows by asset type since this shows that not all asset types have enjoyed inflows over the course of Q1 2021. Money market funds (+$5.1 bn) was the best-selling asset type, followed by mixed assets funds (+$0.02 bn). Meanwhile bond funds (-$0.1 bn) and equity funds (-$0.03 bn) faced outflows, while “other” funds, alternative funds, and real estate funds showed no flows over the course of 2021 so far.

**Graph 4: Estimated Net Sales by Asset Type, 2021 (US Dollar Billions)**

*Source: Refinitiv Lipper*
**Fund Flows by Sectors**

Money Market SAR (+$5.1 bn) was the best-selling sector overall, followed by Equity US (+$0.03 bn), Money Market Other (+$0.03 bn), Bond Emerging Markets Other (+$0.03 bn), and Mixed Asset USD Balanced - Global (+$0.02 bn).

**Graph 5: The 10 Best- and Worst-Selling Sectors Q1 2021 (US Dollar Billions)**

At the other end of the spectrum, Bond Other (-$0.1 bn) suffered the highest estimated net outflows overall, bettered by Equity Saudi Arabia (-$0.1 bn), Mixed Asset USD Flexible - Global (-$0.02 bn), Equity GCC (-$0.02 bn), and Money Market USD (-$0.01 bn).

*Source: Refinitiv Lipper*
**Assets Under Management by Promoter**

National Commercial Bank ($16.0 bn) was the largest fund promoter in the Arabian fund markets as of March 31, 2021, ahead of Riyad Capital ($14.4 bn), Al Rajhi ($6.6 bn), Samba Capital ($2.9 bn), and Alinma ($2.3 bn).

Graph 6: Ten Largest Promoters by Assets Under Management, March 31, 2021 (US Dollar Billions)

*Source: Refinitiv Lipper*
**Fund Flows by Promoter**

*Riyad Capital*, with net sales of $2.4 bn, was the best-selling fund promoter for the first three months of 2021, ahead of *Al Rajhi* (+$1.3 bn), *National Commercial Bank* (+$0.6 bn), *Alinma* (+$0.5 bn), and *Alpha Capital* (+$0.3 bn).

**Graph 7: Ten Best Selling Promoters Q1 2021 (US Dollar Billions)**

*Source: Refinitiv Lipper*
For more information, please contact our Refinitiv Lipper Research Team:

**Detlef Glow**  
Head of Lipper EMEA Research  
Phone: +49(69) 12001031  
detlef.glow@lseg.com

**Robert Jenkins**  
Global Head of Research, Lipper  
Phone: +1 (617) 856-1209  
robert.jenkins@lseg.com

**Xav Feng**  
Head of Lipper Asia Pacific Research  
Phone: +886 935577847  
xav.feng@lseg.com

**Tom Roseen**  
Head of Research Services  
Phone: +1 (303) 357-0556  
tom.roseen@lseg.com

**Otto Christian Kober**  
Global Head of Methodology, Lipper  
Phone: +41 (0)58 306 7594  
otto.kober@lseg.com

**Dewi John**  
Head of Lipper UKI Research  
Phone: +44 207 5423393  
dewi.john@lseg.com

Media enquiries:

**Nsikan Edung**  
nsikan.edung@lseg.com

**Lipper U.S. Client Services**  
+1 877 955 4773  
customers.reuters.com/crmcontactus/support.asp

**Lipper Europe Client Services**  
(UK) 0845 600 6777  
(Europe) +44207 542 8033  
customers.reuters.com/crmcontactus/support.asp

**Lipper Asia Client Services**  
+886 2 2500 4806  
customers.reuters.com/crmcontactus/support.asp

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