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## A TRUSTED GUIDE

Newly launched wealth manager THQA aims to fulfil the need for Shariah-focused financial advice

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# A TRUSTED GUIDE

Newly-launched wealth management firm Mahal Thqa Financial Advisors (THQA), a joint venture between Mondial and Shariah Capital, is looking to fulfil a need for independent financial advice with a Shariah focus. James Brockett speaks to CEO Sadi Hassouneh, chairman Eric Meyer, and director Sean Kelleher

**W**here does the Islamic investor in the GCC turn for impartial financial advice? While there are an increasing number of Shariah-compliant funds globally, and a growing asset management industry operating in the region, there are still few firms offering advice that is truly independent and the shortage is particularly acute and noticeable in the Shariah space.

One company looking to redress this balance in the UAE is Mahal Thqa Financial Advisors (THQA), a joint venture between Mondial (Dubai) LLC and Shariah Capital, which has just received its Financial Consultations and Analysis licence from the Securities & Commodities Authority (SCA). Led by CEO Sadi Hassouneh, who is also the COO of Mondial, and with industry veteran Eric Meyer as chairman, THQA is in the process of putting together a team of trained and qualified consultants that will be able to offer asset allocation derived from best-of-breed Shariah-compliant funds from across the globe.

It's an idea whose time has come, not just because of the financial needs of the region's investors but also because of the growing importance of the Islamic economy for Dubai's future, Hassouneh tells *Mena FM*.

"What we're aiming to do is a direct response to His Royal Highness Sheikh Mohammed bin Rashid Al Maktoum's [Prime Minister and vice president of the UAE, Ruler of Dubai] target for Dubai to be the capital of the Islamic economy," says Hassouneh. "Following on from His Highness's initiative, we wanted to take a proactive approach to his mandate in the sector that we know best, and that's asset management. To our knowledge, there is no independent financial advisory or wealth management firm here that is exclusively Shariah-focused.

"Wealth management has been established for decades in the developed world but is relatively new in the GCC, and therefore the need for wealth managers to understand asset allocation hasn't really been embedded yet. The banks have taken on the role of wealth management them-

selves; but from an asset management perspective banks have their own funds, and naturally when a bank creates a fund it wants to sell it. Typically, if you go into an Islamic bank now, unless you are at the ultra-high-net-worth level, you will not get independent advice."

### Tailor-made solutions

By contrast, THQA aims to offer retail clients independent, tailor-made solutions while also focusing on high-net-worth individuals and family offices and working with corporate pension schemes. The firm already has five consultants, and plans to have 10 by the end of the year; each will undergo an intensive 'bootcamp' followed by a rigorous three-month work-study period.



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Sadi Hassouneh, CEO, THQA

Importantly, consultants will need to pass not only the Chartered Institute of Securities and Investments (CISI) exams but also Islamic Finance exams such as the Institute of Islamic Finance Qualification (IIFQ).

The firm will take the well-tested approach of Western IFAs – looking at an individual's age and risk profile, savings and retirement goals, and proposing an appropriate blend of asset classes and products – but uniquely, will also be able to offer advice on the Shariah standards that have been applied to investments, such as the background of the Islamic scholars which have certified a fund.

Hassouneh clearly believes there is pent-up demand for an Islamic advisory solution. He points to research showing that over

## MAHAL THQA FINANCIAL ADVISORS: WHO'S WHO



### Sadi Hassouneh – CEO

Raised in Dubai and an alumni of the prestigious Rashid School for boys, Sadi Hassouneh studied at the Michael G.Foster School of Business in Seattle, USA, and holds both a Bachelor of Arts in Business Administration and the ACSI qualification from the CISI (Chartered Institute of Securities and Investments.) Having trained as a wealth manager at Merrill Lynch in the United States, he returned to the UAE to become Chief Financial Officer for his family's gas manufac-

turing operations in the Gulf followed by becoming Chief Operations Officer of Mondial Dubai L.L.C. He also founded Tatweer Management Consultancy, of which he remains Chairman.



### Eric Meyer – Chairman

As Chairman & CEO of Shariah Capital, Eric Meyer is no stranger to breaking new ground in Islamic finance. Having achieved success as both a hedge fund manager and a venture capitalist in New York City, Meyer recognized opportunities to work with world leading Islamic Scholars to create standards and solutions in the emerging markets of Islamic Finance. In 2006 he launched Shariah Capital and subsequently developed a globally recognized Shariah compliant fund platform

and a fund of hedge funds. In 2008, Shariah Capital combined forces with Dubai Multi Commodities Centre (DMCC), to create Dubai Shariah Asset Management (DSAM). DSAM is most often recognized for its pioneering Shariah initiatives. DSAM is credited as first to bring Shariah compliant commodity equity Funds to the institutional and retail Islamic market, and the award winning DSAM Kauthar range of funds, seeded by the DMCC, are considered the gold standard in Shariah compliant commodity equity investing.



### Sean Kelleher – Director

As CEO of Mondial, Kelleher is leading luminary in the Dubai IFA world and has 25 years of successful IFA management in Dubai; he was a bank manager in the UK before moving to the Emirate in 1989. In 2002, Kelleher was Chairman of Financial Partners, dealing with regulators in over nine different jurisdictions, and was also the Charterhouse Communications (Personal Finance) Adviser of the Year between 1996 and 1998. He frequently appears on Dubai Radio and TV

and is regularly approached for feature articles in the regional press.

80% of Muslims would prefer to invest exclusively in Islamic assets if they could be assured that performance and risk would be equal to conventional alternatives.

"If you take the entire Shariah Fund universe of approximately 500+ funds, about 25 or 30 funds have assets under management that are in the hundreds of millions of dollars," says Hassouneh. "There are certainly enough to create what we call a core and satellite investment philosophy: the core being multi-asset funds. The fund space in the Shariah world is growing on a day-by-day basis, with the likes of independent managers such as Templeton, Schroder's, Jupiter and DSAM coming to the table and HSBC Amanah, Emirates NBD, & NCB funds which have been going for quite a while now. Our independence will allow us to select the most appropriate Shariah funds to meet the specific needs of each client."

### Experience on board

Hassouneh's experience at Mondial, one of the longest-established financial advisory firms in the region, will stand THQA in good stead and it will also have the benefit of Sean Kelleher, Mondial's experienced CEO, on its board. Meanwhile, Shariah Capital CEO and chairman of THQA Eric Meyer – who has been active in the Gulf since 1998 – brings to the operation his experience of developing a platform of Islamic commodity equity funds and fund-

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of-funds, which have led to him working with some of the Islamic world's leading Shariah scholars.

Meyer says that Shariah scholars have backed the principles of the new firm from the outset.

"Any time I try and create something new in the Shariah space, I first bring the idea to leading Shariah scholars and ask if they think the idea makes sense," says Meyer. "It was very memorable for me when I sat down with Dr Mohammad Abdul Rahim Al Olama and Shaykh Nizam Yaquby [two world recognised Shariah scholars with a longstanding relationship with Shariah Capital], to hear them say that creating an independent solution was something that they thought was most needed. There was a twinkle in Shaykh Nizam's eyes. He said, 'you are not building a product, you are building a solution, which is much more powerful'. That was good to hear, and it gave me the energy and support to do something forward looking and build a Shariah focused wealth management organisation."

In recent years, Meyer has perhaps been best known in the region for Shariah Capital's working partnership with the Dubai Multi-Commodities Centre (DMCC): the joint venture between the two, Dubai Shariah Asset Management (DSAM) operates the DSAM Kauthar range of award winning Shariah compliant commodity equity funds. "Sadi and his team at THQA are going to look at all the best funds," says Meyer. "If the DSAM Kauthar funds are strong competitors based on their performance, and the customer's risk profile merits exposure to commodity equities then I'm sure they will be strongly considered."

### Building the foundations

The need for better financial advice extends throughout the Gulf, not just in the UAE, and THQA aims to use Dubai as a launch pad for expansion into the rest of the GCC in future. However, Meyer says that the UAE will be the initial focus.

"Independent financial advice should sell anywhere. I'm a generational investor here in Dubai, and I know that building a busi-

ness takes a lot of patience. So my goal for us is to start carefully, methodically and to build from there; there is a wealth of opportunity in Dubai and the UAE alone, and if we can just get the building blocks in place here there will be all sorts of opportunity beyond. You've got to build that firm foundation first," says Meyer.

Kelleher makes the point that with the financial crisis fresh in investors' minds, and with the regional history of boom and bust performance results across assets, it has never been more important for investors to find advisors they can trust. "There are only so many 50% price drops you can take



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Eric Meyer, THQA

in one lifetime, and one role of the newly trained THQA advisor is to start the process of managing investor expectations towards methodical medium to long-term capital growth".

Hassouneh follows this by stating: "The typical UAE investor has experienced such volatility across many different asset classes that he starts questioning the system, and asking, should I have faith in it? Now is the time when you need quality, sound independent financial advice. And that's what we want to give to the Muslim people and, indeed, to anybody that believes in the principles of ethical finance."

Mahal Thqa literally means 'a place of trust' and it is this philosophy that the THQA leadership aims to bring to the company and its clients. ■