



# INSIGHT

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# Looking at the big theme views from the Middle East Investor Relations Association (MEIRA)



For the ninth edition of Orient Capital's Insight series, Paolo Casamassima, MBA, Head of Global Market Intelligence sat down with John Gollifer, General Manager of the Middle East Investor Relations Association (MEIRA).

John needs no introduction, having previously led the UK IR Society, and before that having covered the role of Senior Vice President of the Singapore Exchange for many years.

## **John, tell us about the role of the Middle East Investor Relations Association.**

"MEIRA has existed for 15 years on the ground in our Arabic-speaking markets of the MENA region. Our purpose is to connect people and make a telling difference to capital market development. We do this primarily by working closely with the regional stock exchanges and regulators to champion best practice IR to their listed companies. More broadly, yet as importantly, we are proud to collaborate with other like-minded partners to embed the all-important governance factor in our corporate membership."

## **Having seen what is happening locally for 5 years, tell us what the most important trends are and what's on the horizon for the region.**

"It is possibly too optimistic to say that we are like an island of calm in the storm given no markets ever stand still in an exciting and dynamic eco-system. Moreover, it is driven by many factors beyond our control. However, the spotlight is certainly on our

larger Emerging Markets (EM) which have benefited from a number of key trends that pre-date the global pandemic and more recent geopolitical issues, from which, no-one is entirely immune, as we know. These initial trends included: an opening up of capital markets generally, but notably in Saudi Arabia, by far and away the largest Arabic-speaking market and now one of the largest stock markets in the world. And a convergence of regulation on the importance of IR and ESG on the GCC exchanges. This has included promoting common IR guidelines and recently agreeing to establish a common baseline for ESG disclosure metrics.

Finally, it is amazing to think that in a few short years, the growth in foreign investment has put the region in a veritable sweet spot. The significant increase in EM index weightings for the combined regional markets, for example, is compelling evidence of this key trend in response to the competition for capital, only reinforced by the recent spate of IPOs in the region. Long may it continue."

**"...growth in foreign investment has put the region in a veritable sweet spot"**





## “Given the strong tailwinds of last year... the outlook is very positive.”

**While the majority of the listed companies still have free-floats of below 50%, the Investor Relations practice has never been stronger in the region. Plenty of corporates are looking to mirror Western IR Best Practices, boost their IR function, attract foreign talent and train up the new generation of IROs. What is the driver of such momentum?**

“In a word, competition, which is what we want in public capital markets. I think it is fair to add that you can also look east to Asia to see comparable best practice, notably in Southeast Asian markets, like Singapore, for example, or indeed further east in markets like Hong Kong. Both these pioneering capital markets have a long history of openness, innovation and in spite of competition, an ability to thrive having built a critical mass of expertise akin to some of the more international markets in the west, like London. There is all to play for in the competition for capital and it is playing out in a significant way today. Without the maturity that competition brings and with it, the crucial market development that capital formation and price discovery need in any market, investors can always seek returns elsewhere. This is the beauty of fully fledged public capital markets. Importantly, in a region where the demographics highlight the relevance and role that the next generation can and should play, we hope that in time we see the building of a critical mass of know-how and the sharing of this to promote broader, deeper, more liquid markets for all. All markets need to think now of the next generation of savers and investors and respond to their evolving needs.”

**What is the corporate outlook in the region for 2023?**

“Given the strong tailwinds of the last year or so following the initial adverse impact of the global pandemic, the outlook is very positive. From an economic point of view, we have seen strong GDP performance. We continue to see key sectors coming back to where they were in 2019. Other activity supports a strong 2023 and beyond in a dynamic region that can certainly make hay while the sun shines. From a capital market perspective, the national agenda drives a healthy IPO pipeline from both the private and State-owned sectors. There appears to be insatiable investor appetite, so what’s not to like in the region for 2023?”

**With the growing importance of investor engagement, how should companies that perhaps never held a proactive IR function be approaching it? What, in your opinion, do companies need to focus on, or prioritise in terms of Investor Relations?**

“In the GCC, listed companies are expected to have a dedicated professional IR role. This should raise the level of awareness across all regional markets, if not at least address investor enquiries. In this day and age, particularly after what we learnt in the global pandemic, there is simply no excuse for not being able to reach all target investors anywhere and other stakeholders through use of prevalent technology at your convenience. Even a one person IR function can start with a decent website, collate all investor and stakeholder information there in a timely and increasingly interactive and engaging way. As in any strategic role, an IR priority should always be to educate your reporting line, all the way up the Board as far as the responsibility of operating in public capital markets goes. Begin today. Keep communicating internally, as well as externally. Build confidence in your IR role and slowly add to your credibility and with it, hopefully, your resources across the organisation. Essentially, the successful IROs are masters of marshalling all the resources they need, great communicators and relationship people. Ultimately, the best IROs inevitably become the go-to person. And if you don’t know the answer, know who to ask.”

**Last week the Arab Federation of Capital Markets (AFCM) Conference took place in Muscat (Oman). The MEIRA annual conference and awards took place last November in Riyadh (Saudi Arabia), and this year will take place in Manama (Bahrain). It would appear that the whole region is pushing the Capital Markets. But across all regions, where do you really see the most enthusiasm, and which markets are going to see the most activity in the coming months?**

“Based on my own personal experience, I know that smaller markets have to try harder in a competitive marketplace. It is no surprise, therefore, to say that I have a predilection for Bahrain, Oman and Palestine. That said, MEIRA works famously with all our markets and it goes without saying that the biggest markets are well resourced and certainly seem to know exactly what they want. At the same time, MEIRA has played its part in curating content and supporting best practice criteria from IR awards to professional development training in all our regional markets. Regardless of what our markets are up to, this is what a relevant and independent professional body does every day. We are most fortunate to be in a region where we are known, appreciated, and kept on our toes by all our partner exchanges and supportive members, along with all the other expert partners we have the pleasure of working with. In a thriving marketplace, everyone can play a role and all, from the Board to the new entrant, should bring something to the IR table every day. I must conclude by saying, do join the biggest regional IR event of the year on 13 November 2023 in Manama City when Bahrain Bourse hosts the MEIRA annual conference and awards.”



**What are the main differences between the Gulf markets, and the Western markets, that you would highlight to both international investors and service providers looking to set their presence in the region?**

“I would highlight having to be present and visible, ideally, on the ground, in order to meet people, build relationships and ultimately, engender trust, to do business in the region. It’s one thing to jet around Europe and the USA, but I would urge all interested parties to join us here in the region. You will love it, as I have, given the cultural smorgasbord and fun in learning new things every day. This takes time, which in turn demands a clear commitment. If not now, when?”

**What differences do you notice between Gulf institutional investors, as opposed to their counterparts in Europe or in the US?**

“I’m possibly not qualified to comment. However, since you ask, the obvious one to me might be a greater affinity here to the social (as in ESG) or societal side of doing business. This is most evident when you consider Islamic Finance, for example, where the code of doing business is more aligned with the impact on your immediate community and society. You could add to this, the natural alignment of investing in the national agenda and why not, if it works? Finally, as I have learnt in other markets, notably in Asia, given some big Sovereign Wealth Funds, if you can possibly get these onboard, what better given they tend to have a longer, more patient view of their strategic investments as opposed to simply thinking of a financial return? In short, to me at least, it seems bigger picture and more of a long-term perspective here.”

**One of the main differences between Gulf equity stories as opposed to their peers in Europe or in the US, is the corporate’s approach to dividend pay-out, with Gulf issuers very keen on setting a bond-like fixed dividend yield. Is this sustainable, long term, in your view?**

“Again, I am not necessarily the best person to ask. However, having run this question by a more experienced colleague on the ground, he rightly reminds us that while not sustainable in the long run, the approach has certainly served to develop equity capital markets by adding depth and liquidity. As the market matures and adds new sectors, tech and growth-oriented companies, for example, you can expect to see a change.”

**“There is all to play for in the competition for capital and it is playing out in a significant way today.”**

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**Findings from our recent perception studies in the Middle East highlight how “Western” institutional investors seem to be looking for ways to better understand Sharia compliance metrics, within the context of ESG disclosure. On the other hand, “Gulf” institutional investors have started to look at ESG by adding one sustainability expert within their investment teams. Islamic Finance and ESG investing share a fundamental principle, which is the avoidance of harm. Does this common ground mean these two branches of finance could actually converge?**

“I’m most definitely not qualified to answer this. However, I see them as separate disciplines, while recognising each branch can possibly inform the other positively, as you suggest. In any case, given where we are today in capital market development, including recognising sustainability as a relatively recent phenomenon, if not an imperative for the current and next generation, why can’t we have more schools of thought?”

**Wrapping up. Is there anything else you’d like to add, worth considering for our readers?**

“Welcome to the Arabic-speaking markets of MENA, from small and frontier-like to large and certainly emerging quickly. There is something for everyone.

Do come and visit the regional markets for yourself. There is no better way to get a feel for a place, its people and what works than beginning the process of building your own relationships. Come and make up your own mind and let’s get on with it.

Thank you for the opportunity to shine the light on some of the most exciting capital markets anywhere in the world. Do not hesitate to get in touch and if we don’t know the answer to your enquiry, we are most likely to know the right person to whom we can always make an introduction.

I hope to see you all soon, if not at the MEIRA annual conference and awards on 13 November 2023.”



## Meet the expert

John Gollifer, CIRO, leads the Middle East Investor Relations Association's (MEIRA) initiatives to promote best practice IR in the Middle East. MEIRA's primary audience is IR practitioners who wish to address the investment community. Increasingly, our market remit includes working with other stakeholders, from policy-makers and regulators to the regional exchanges.

John is a former banker having spent 15 years in corporate finance and equity capital markets in Asia and Europe. He spent 11 years as Head of IR at the Singapore Exchange, where he also had responsibility for strategy, marketing and communications. Prior to joining MEIRA in 2019, John led the UK IR Society. MEIRA sees IR as a strategic imperative in the international competition for attention and capital.



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