



أرباح المالية
Arbah Capital

ARBAH CAPITAL FINAL INTERNSHIP REPORT

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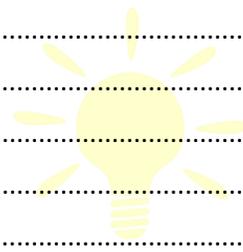
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EXECUTIVE SUMMARY

Education plays a crucial role in modern society where learners and students undergo different programs such as internships to sharpen and acquire knowledge and skills in the economic market. Internship programs are vital for undergraduate students to pursue their careers in higher learning institutions such as colleges and universities in society. An internship program is a period of work experience offered by a company within a timeframe for an intern or students to learn industrial operations through a wide range of placements in business fields, government agencies, and non-profit organizations. The paper will focus on the Arbah Capital organization in finance in Saudi Arabia, where I did my internship program. Arbah Capital is a licensed form by the Capital Market Authority in KSA that has operated in the business field since August 2008 (Arbah Capital, 2021).

Arbah Capital deals with various sectors in the financial disciplines in the economic market that is critical for a financial-major student in the region; these include real estate, wealth management, asset management, brokerage, and corporate investment. Through the proper leadership of the company led by Saud Abdulaziz Al Ansari as the chairman, the company offers internship programs to students in the Kingdom (Arbah Capital, 2021). One could learn new skills and competencies in finance where interns are given different tasks in the organization structure that would enable them to learn more from the corporate industry as they pursue their careers to be the next future leaders in the industry. The report discusses the internship program I underwent in Arbah Capital as a finance-major student and evaluates the firm's performance, strategies adopted in the field that aid student's experience and knowledge acquisition.

Introduction to the Report

Knowledge and experience are critical factors that firms in the corporate industry seek while looking for employers in the labour force in modern society. Through internship programs,

corporations and learning institutions such as colleges and universities can bridge the gap between the academia and corporate gap that offers the chance to serve in the labour market. The internship program provides students and graduates an opportunity to complete a period of work experience and ensure a competitive advantage over their peers. The program enables students such as me to engage with corporations that operate in the market, such as Arbah Capital, to get exposure and corporate skills. Different firms offer different types of internships in the economy, where it might be voluntary or compulsory, free or paid, and with other periods it provides the program.

Work experience can be pretty much as significant as anything learned in your investigations. One can't get what's going on with a task until one has worked in that climate. Temporary positions are extraordinary freedoms to talk straightforwardly to individuals who have insight into the job you yearn for in the market. Their insight into the work and workspace will give you a superior comprehension of what's genuinely going on with it and what one needs to do to advance. The internship program enables students such as me to depict the realities in the corporation operations that would offer experience and prerequisite skills for the intern to attain and achieve in pursuit of their careers. It is important to note that internship programs provide students or interns with actual knowledge and insights into the world of work. These offer practical skills that would aid to strengthen a student's CV and experience that makes one more admirable for employment and provides more exploration in the career options in the corporate industry. Most firms in the corporate sector use internship programs for recruitment or trials for future recruitment permanently, hence used for the analysis of the performance of the intern in the labour market.

I am an undergraduate student that major in finance at Prince Mohammed Fahd University in KSA. The internship is part of the academic program that is mandatory for all

learners before completing the degree program. I went for the internship program at Arbah Capital, located in Dammam, Saudi Arabia, for ten weeks. In Arbah Capital, I was assigned various tasks in different operations in the organization in the **department of asset management** under my supervisor, the company's assistant HR manager. Through his leadership, I learned and achieved a lot in various docket in the organization where he was a good mentor in the corporate environment where I acquired new skills and competencies. Despite some challenges that I experienced during my time at Arbah Capital as an intern, my supervisor gave me encouragement and a conducive environment to learn from the company as a finance student and attain my goal in the long run.

The report describes all the tasks I went through as an intern at Arbah Capital in Dammam, Saudi Arabia in the **department of asset management**. These include the business operations the company does in the market that contributes to the financial sector in the region. The paper will discuss the company's strategy and evaluation in its business environment, use literature reviews relevant to the report based on the internship program in **department of asset management**, and oversee the company's background and aspirations to provide more information on its business environment in Saudi Arabia.

INTRODUCTION TO THE COMPANY

Company's Background

Arbah Capital is a company that operates in the Eastern Region of the Kingdom of Saudi Arabia, which is the first Islamic Boutique investment that embarks on the ambitious and aspirations that provide investment solutions to our investors. Arbah Capital protects and enhances the best for the investors' financial interest while managing their suitable objectives with their profile and intended financial goals. Arbah Capital was founded on 18th August 2008 and licensed by Capital Market Authority (CMA) in Saudi Arabia as a Closed Saudi Joint Stock firm (Arbah Capital, 2021). Its

headquarters is located in Dammam, and the company started with a paid-up capital of 142 million Saudi Riyals and Sharia-compliant in the business environment. Moreover, the company adopts the IWM process to comprehensively comprehend the client's viewpoint and adhere to compliance such as the Sharia laws (Arbah Capital, 2021). The Capital Market Authority provides Arbah Capital a license to operate in the financial sector of the industry where it deals with principal agents, manages the investment funds and discretionary portfolios, offers financial advice and custody to their clients. The company provides different services in other domains such as private equity and corporate finance, real estate, asset management, brokerage, custody and advisory, and wealth management (Arbah Capital, 2021).

Objectives

The Arbah Capital objective is “to carry out highly selective investments in regions and entities where there is high potential for investment outperformance” (Arbah Capital, 2021).

Organizational Values

The Arbah Capital has organizational values that are adopted in the corporate market; these include the following (Arbah Capital, 2021):

- i. Trust; where the company needs to gain from all the stakeholders and the public in the market.
- ii. Dedication; the company adopts Islamic values, confidentiality, professionalism, honesty, professional appearance, and adhering to the organizational culture of high ethical standards.
- iii. Excellence; enhances the highest achievement of professional standards in the market.
- iv. Transparency; in our dealings, results, and contracts in the market.

Vision

Arbah Capital's vision is "to be a successful investment firm through the application of the highest professional standards, drawing on our investment experience and adhering to our Islamic values" (Arbah Capital, 2021).

Mission

- i. To give exceptional and excellent monetary items and administrations by the market and consent to the standards of the Islamic Sharia (Arbah Capital, 2021).
- ii. To make an incentive for our investors and keep up with it over the long haul (Arbah Capital, 2021).
- iii. To give our financial investment counsel, drawing on the strength of our experience and information while staying up to date with the most recent monetary area advancements (Arbah Capital, 2021).
- iv. To address the issues of clients in straightforward, adaptable, and inventive ways (Arbah Capital, 2021).
- v. To keep a solid work culture by drawing in and remunerating excellent staff and persuading them to give top caliber and serious administrations (Arbah Capital, 2021).

EVALUATION OF THE COMPANY'S STRATEGY

Arbah Capital is one of the firms in Saudi Arabia that uses strategic evaluation approaches to operate in both internal and external business environments that impact the company's performance. Through the use of SWOT analysis in the evaluation of the Arbah Capital market.

SWOT Analysis

Strengths

- i. High-quality service for the customers and other stakeholders in the financial market.
- ii. Arbah Capital has high customer base loyalty due to organizational values that boost the corporation's loyalty.

- iii. Arbah Capital offers different ranges of financial services in the market, where it has a high portfolio of various financial services in the market.
- iv. Strong market positioning in the Saudi Arabian market.
- v. Use modern technology and mobile outlets to offer services that enhance service delivery and efficiency in different outlets.
- vi. It has an enormous capacity for production in the market.

Weaknesses

- i. Arbah Capital services are relatively expensive in the market since capital is minimal.
- ii. Most of the decision-making process is hugely dominated by the top management and their owners.
- iii. Arbah Capital is regulated by Capital Market Authority (CMA) and complies with the region's sharia laws.
- iv. Arbah Capital's management hugely relies on SMEs' performance and the national economy to provide various market services.

Opportunities

- i. Technological advances that enhance mobile application use among other digital platforms that align with customers' loyalty.
- ii. The large population in the region creates a market demand for different financial services in the Eastern region of Saudi Arabia.
- iii. The growth of the middle class in the Kingdom that provides financial services demands growth and development.
- iv. Government support in the industry aligns with Vision 2030 that boosts other sectors in the economy for financial services.

- v. Existence of the laws that protect and ensure smooth operation of the organization in the nation such as SMEs
- vi. Expansion of financial services in different countries and regions provides Arbah Capital an opportunity to explore the market.

Threats

- i. Increased competition in the global markets from other competitors.
- ii. Change of consumers' financial services preference in the market.
- iii. The financial crisis in the global and regional market might affect the company's performance and economy due to external and internal forces such as pandemics.

Internship Agenda

1. **Company's orientation:** company's orientation is the initial event where new members (employees or interns) are shown around in the organizational environment in different departments that the organization is comprised of within the organizational structure. My supervisor familiarized me with various departments and colleagues and was given administrative ID for tight security access in the corporate compound. Moreover, we enrolled and signed some contract documents to specify my internship program in the institution.
2. **Training sessions:** After the company's orientation, I was assigned my supervisor, who put me in the asset management department based on my request. I started learning from the first week of my internship program from the employees who worked in the same department and assigned some tasks of evaluating some of the clients' portfolios based on the data in the recent years of capital or money investment.
3. **Daily and weekly analysis of the clients' portfolio** entails analyzing the financial records of the company's clients that needed financial services such as asset management. I used

to aid in the assessment and to organize the data of the client's based on the financial performance or records, their aim or objective of investment and provide this information to the employees in the department under supervision to reduce error in case I made one before implementation and advisory to the client.

4. **Asset Management:** it entailed financial services such as money and the capital market to different clients in KSA. These include Arbah Saudi Equity Funds in the capital market, Arbah GCC Liquidity Fund in the money market. I used to be tasked with different funds that the company offers in both capital and money investment to know all and learn how to invest in the market from various solutions the company provides to different clients.

LITERATURE REVIEW

This section of the literature review entails the theoretical review that I adopted during my internship program at Arbah Capital, performing various tasks in the financial discipline. I was put in **the asset management department**, where it performed different functions in the financial market in the region, as depicted below.

Asset Management

The asset management service that Arbah Capital offers in the economy is built around portfolio management, marketing and market intelligence, research, innovative product development, among others crucial in asset management (Arbah Capital, 2021). The organization aims to provide top-notch financial services that focus on sales and client service based on long-term goals.

Literature: the company adopts various investment theories in its business operation in the economic market. The staff members are skilled and competent to invest and make effective decisions that would suit the client's objective in the long run. *The profit theory of investment* is one of the theories adopted in the organization that I learned from the staff member under my supervisor in the department (Chand, 2020). The profits theory of investment entails how the

profits are linked to the current profits and the recent past. The profits are used as the internal funds for financial investment where the profits depend on the income. It is important to note that in this theory, if the total revenue and total profit are high, the retained earnings of the organization (client) are also high and vice versa; hence it is easier to invest in the profit a company produces. The theory also provides some aspects of how the interest rate and the level of profit can determine the optimal capital of the stock (Chand, 2020). The higher the interest rate, the lower the optimal capital stock in the market, thus critical in the investment analysis. The theory provides information on how the level of aggregated profits varies with the level of national income. On the other hand, the optimal capital stock also varies with the level of aggregate profits.

Criticism: the theory is based on the assumption that the company's gains are connected to the level of current profits and recent past; thus, there is no possibility that the organization's profit can measure the profits of coming years (Chand, 2020). External forces might result in radical changes such as pandemics that affect the financial market and business operations that currently affect businesses.

Capital Market

In Arbah Capital, market equity entails the Arbah IPO Fund, Discretionary Portfolio Management, and the Arbah Saudi Equity Fund. The company adopts Tadawul in the market to enhance capital appreciation to its clients in society (Arbah Capital, 2021). The company has tested these approaches in the market that are practicable in the corporate industry in Saudi Arabia and the Middle East region, where business and companies have proven their good track record in generating wealth in an acceptable manner regarding Islamic religion (Arbah Capital, 2021). As an intern, I partook in various tasks that I learned in the capital market sector, such as mutual funds, where Arbah offers two types of mutual funds such as Arbah Saudi Equity Fund and Arbah IPO Fund.

The Arbah IPO Fund offers the return of exceeding the performance of the Arbah S&P IPO index through investing in Saudi IPOs and firms listed in five years or less period (Arbah Capital, 2021). The investment strategy that the company adopts to invest assets is diversification of the portfolio and is sharia-compliant firms that are listed in the Saudi Stock Exchange using diverse methodologies. On the other hand, Arbah Saudi Equity Fund is an open-ended sharia-compliant fund that focuses on producing medium to long-term capital growth via investment in listed equities in the Saudi equity market (Arbah Capital, 2021). Furthermore, the fund also targets to invest surplus cash in low risks instruments in the market. These allow investors to earn an income through medium to long-term investment in a highly fluctuated stock market.

Literature: as a financial-major student, one of the financial theories that I learned from the internship program at Arbah Capital implemented includes the *financial theory of investment* developed by James Duesenberry (Chand, 2020). This theory ignores the role of the cost of capital investment decision by a company where it assumes that the market rate of the interest represents the cost of capital to the company. It does not change with the amount of investment it produces; thus the unlimited funds are available to the company at the market rate of interest. The theory explores how the supply of funds to the company is elastic. Still, in a genuine sense, the unlimited supply of funds is not available to the company in any period at the market rate of interest. One of the lessons I learned regarding capital market investment concerning this theory is to use both internal and external sources of funds for the firm (client). These include using retained earnings that have undistributed profits after depreciation and taxes, borrowing from the banks via bond markets, financing, or issuing new stock in the stock market (Chand, 2020).

Criticism: there are some loopholes that the theory encounters in the adaption of capital market investment in the economy; these include investment behaviour of the firm where when the

demand increases rapidly, the capacity of expansion is the vital element of business investment during the prosperous period (Chand, 2020). It is also the most ineffective macroeconomic policy instrument in the market.

Money Market

The money market is another docket in the asset management category that I learned from Arbah Capital company. These entail the Arbah GCC liquidity fund and discretionary portfolio management with local, regional, and global partners. The Arbah GCC Liquidity Fund is a type of investment fund that invest in money and fixed income (Arbah Capital, 2021). This type of fund is open-ended where it provides liquidity based on the investor request and capital growth by investing in short-term and fixed income instruments. These all are based on the sharia standards, approved by the fund's sharia committee that operates in the GCC countries (Arbah Capital, 2021).

Literature: one of the theories related to the implementation and practice of the money market at Arbah Capital that I learned and practice includes *Duesenberry's accelerator theory of investment*. This theory is similar to profit theory, but Duesenberry's accelerator theory of investment has the following aspects; investment exceeds savings when income increases (Chand, 2020). The gross investment begins to exceed depreciation when capital stock grows. Finally, the theory depicts how the growth rate of income and the capital stock is determined entirely by the capital stock ratio to income.

Criticism: the theory neglects the role of fiscal policy investment that is more effective than monetary policy. Therefore, a decline in corporate taxes in a recession can increase investment by companies (Chand, 2020). Contrary, the increase in corporate taxes can reduce investment and shift the MCF.

REFLECTION

The general experience of my ten weeks' internship at Arbah Capital company has been a learning experience as a financial-major student that aspires to work in financial organizations such as Arbah Capital. The exposure and skills I experienced from the first day I walked into the organization, I have learned many skills such as soft and technical skills that are fundamental for any employee in the corporate industry. In my internship program under my supervisor **Mohammed Farraj**, I performed various tasks under guidance and supervision from staff members on conducting and working multiple financial duties. I was put under the asset management department, where I learned different financial aspects of asset management. These included the capital market where the company offers two significant mutual funds to their clients and the money market it offers Arbah GCC Liquidity Fund. These disciplines are fundamental in the company and financial sector in the economy. Financial analysts or advisors such as I need to have the skill and knowledge on how to invest the client's money or funds through proper analysis of the market and financial performance of the client.

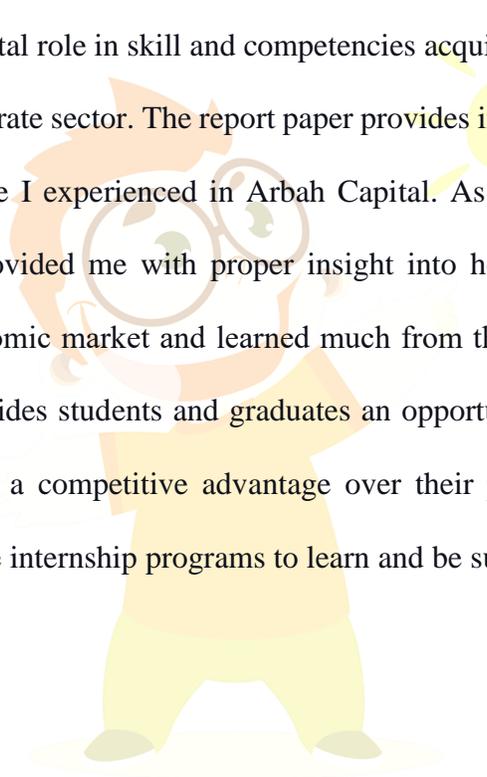
SUMMARY OF FINDINGS AND RECOMMENDATIONS

Arbah Capital internship has played a massive role in the academic journey. Like any other intern in any organization, it enabled me to gain knowledge and competencies experienced in the real world in the corporate industry. The department of asset management in Arbah Capital is one of the learning experiences in my career. I requested my supervisor put me in the department to learn more about money and the capital market, where my passion lies in the industry. Through interaction with various staff members in the organization, I have learned soft and technical skills from the professionals and core values required for one to achieve their true purpose in the sector for quality service delivery. Some recommendations might I might recommend to other students that major in finance. These include; always having an open mind and learning from the

professionals where one can learn both technical and soft skills in the career of your choice. Another recommendation is to appreciate that tutors and mentors or supervisors assigned during the internship session since they will evaluate your performance and might recommend you in the HR department for the opportunity once one completes school.

CONCLUSION

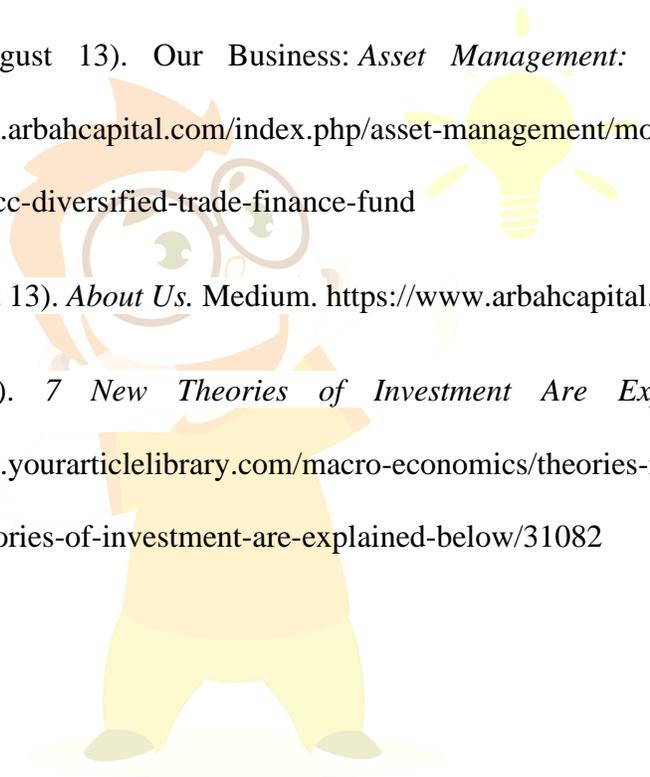
Internship programs play a vital role in skill and competencies acquisition for learners such as me in the companies in the corporate sector. The report paper provides insights into the importance of internship and the experience I experienced in Arbah Capital. As a finance-major student, the Arbah Capital internship provided me with proper insight into how the financial analyst and advisors operate in the economic market and learned much from the company's staff members. The internship program provides students and graduates an opportunity to complete a period of work experience and ensure a competitive advantage over their peers. Therefore, learners or students must engage in these internship programs to learn and be suitable for the lobar market in the corporate sector.



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