

Manager's Commentary

The GCC markets witnessed extreme volatility during 2015, with positive performances during the first half of the year, followed by steep declines during the latter half. Most of the markets ended with the year with declines of 15% with the exception of Abu Dhabi that fell a mere 4.9%.

December witnessed the increase of the long anticipated US interest rate which created further uncertainty in the markets. In order to maintain the USD peg, three GCC countries followed suit by raising their policy rates the same day. Kuwait and Oman were the biggest losers, declining by 2.9% and 2.6%. Dubai and Bahrain lost slightly over 1.5%. while Qatar and Abu Dhabi bucked the trend and ended the month increasing by 3.4% and 1.7%, respectively on the back of support seen in the large caps.

Despite all markets posting negative returns, the fund ended the year with a positive 1.8% return. This compares to a 17.3% decline in the S&P GCC ex Saudi benchmark. This was primarily due to our good stock selection whereby our large conviction calls performed well and posted positive returns. Heading into 2016, we closely monitor the current drop in the markets and continue to maintain a defensive positioning of the fund. Slowdown in China, continued fall in oil prices and heightened geo-political tensions in the region have spooked investors resulting in a sharp free fall experienced during the first half of January.

Investment Objective

The Fund seeks to achieve long-term capital appreciation by investing principally in equity securities listed on the stock markets of the GCC countries excluding Saudi Arabia.

Returns (%)	Fund	Index*
December 2015	1.3	0.8
2015 (Jan - Dec)	1.8	-17.5
2014	4.2	3.3
2013	32.4	27.4
2012	6.1	1.4
2011	-8.2	-14.0
2010	11.6	18.4
2009	12.9	-1.1
2008	-30.8	-53.4
Last 3 Months	-3.9	-7.9
Last 6 Months	-9.4	-15.1
Last 1 Year	1.8	-17.5
Last 3 Years	40.5	8.5
Last 5 Years	36.8	-5.3
Last 7 Years	72.4	10.9
Since Inception (Feb 06 - Dec 15)	52.1	-43.1

*S&P GCC ex Saudi Index

Fund Information

Launch Date	March 2006
Management Fee	1.5%
Performance Fee	10% over 10%
Subscription & Redemption	Weekly
Dealing Day	Wednesday
Subscription & Redemption	Two business days before the deadline
Minimum Subscription	US\$ 100,000
Bloomberg Code	SICGULF BI
Zawya Code	SICOGEF.MF
Fund ISIN Code	BH000A1CZ855
Custodian / Administrator	HSBC Bahrain

Top Holdings

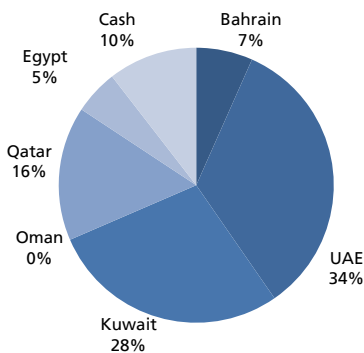
Name	Country	(%)
VIVA Kuwait	Kuwait	6.7
Emaar Properties	UAE	6.2
National Bank of Kuwait	Kuwait	5.5

Risk Statistics (last 5 years)

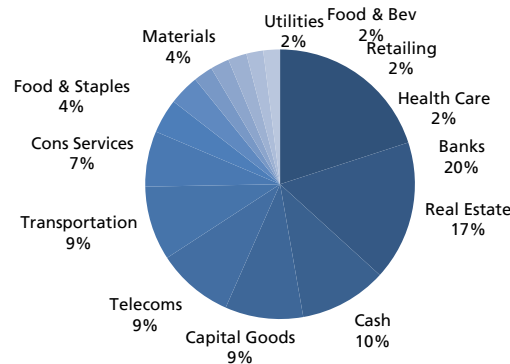
Standard Deviation (%)	12.6
Sharpe Ratio	0.3
Tracking Error (%)	5.5
Information Ratio	1.4
Alpha (%)	6.8
Beta	0.8

For further information contact assetmanagement@sicobahrain.com

Country Allocation



Sector Allocation



Key Statistics

	Fund	Index
Price to Earnings Multiple TTM (x)	11.8	15.0
Price to Book Multiple Latest (x)	2.1	1.7
Return on Equity TTM (%)	12.6	10.7
Dividend Yield—2014 (%)	5.7	5.0
Number of Holdings	31	135
Annualized Return (%) - Last 5 years	6.5	-1.1
Annualized Standard Deviation (%) - Last 5 years	12.6	14.3
Largest Monthly Gain (%)	12.6 (Apr 09)	14.1 (May 09)
Largest Monthly Loss (%)	-14.9 (Oct 08)	-24.4 (Oct 08)
% Positive Months (%)	59.3	50
Success Ratio (%)	65	NA
Maximum Drawdown-Peak to Trough (%) - Last 5 years	-25.2	-31.2
Length of Drawdown (months)	20	19
Recovery from Maximum Drawdown (%)	-2.9	-6.4

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