

# SICO Gulf Equity Fund

## Fact Sheet - August 2016

NAV US\$ 110.71 ↓ 2.0%

Adjusted (for dividends) NAV US\$155.37

### Manager's Commentary

GCC courses recorded a mixed performance in August with Qatar continuing to lead the pack on the back of foreign inflows. The market increased by 3.6% and was the best performing bourse. Dubai continued to rise during the first half but gave back its gains and closed the month with a marginal increase of 0.6%. Abu Dhabi, Oman and Kuwait were down in the range of 1-2%, while Saudi continued its relative underperformance and was down 3.5%.

August was a challenging month for the Fund resulting in a significant underperformance. This was primarily due to declines experienced in some of our core holdings in the UAE. One such holding was Agthia which dropped on the back of government announcement of subsidy revisions on flour and animal feed which will negatively affect Agthia's profitability. This resulted in the share price dropping over 20% - as market participants decided to aggressively sell the name. We await clarity on the subsidy removal as we continue to believe that Agthia carries solid fundamentals and the company appears attractively priced relative to peers. Similarly, Air Arabia's share price retracted post announcing a modest second quarter earnings. In our opinion, the share price should trend back upwards given its high dividend yield, attractive valuations and the over all improved macro picture with lower oil prices and the soon to expire hedges made by the airline. The fund's underperformance was further exaggerated by the continued inflows seen in Qatar ahead of the FTSE inclusion in mid-September with large caps rallying around 5-10% disregarding the unattractive fundamentals.

We are carefully monitoring the movements in Qatar and would look to reduce our exposure closer to the date of the rebalancing as the underlying fundamentals remain opaque. Within UAE, we are rebalancing our investments by focusing more on large caps where underlying fundamental remain strong. We are striving to converge the gap in terms of underperformance by sticking to our core investments which we believe would outperform during a medium to long term investment horizon.

### 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*
August 2016	-2.0	1.1
YTD (August 2016)	2.0	6.6
2015	1.8	-17.5
2014	4.2	3.3
Last 3 Months	2.0	6.8
Last 6 Months	6.1	8.6
Last 9 Months	3.5	7.5
Last 1 Year	-1.5	-2.0
Last 3 Years	13.7	7.3
Last 5 Years	49.7	35.1
Last 10 Years	69.6	0.9
Since Inception (Mar 06-Aug 16)	55.4	-12.7

\*S&P GCC ex Saudi Total Return Index

### Fund Information

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

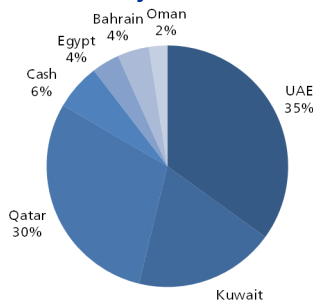
### Top Holdings

Name	Country	(%)
Aramex	UAE	5.1
QNB	UAE	5.0
Qatar Electricity	Qatar	4.5

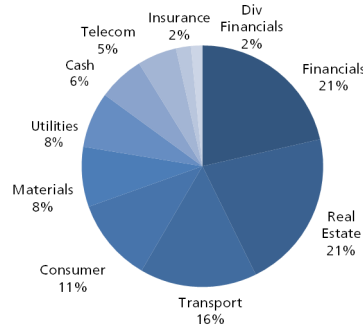
### Risk Statistics (last 5 years)

Standard Deviation (%)	13.2
Sharpe Ratio	0.4
Tracking Error (%)	6.0
Information Ratio	1.1
Alpha (%)	6.2
Beta	0.8

### Country Allocation



### Sector Allocation



### Key Statistics

	Fund	Index
Price to Earnings Multiple TTM (x)	11.5	13.0
Price to Book Multiple Latest (x)	1.5	1.3
Return on Equity TTM (%)	15.9	12.6
Dividend Yield—2015 (%)	4.3	4.2
Number of Holdings	37	156
Annualized Return (%) - Last 5 years	8.4	2.0
Annualized Standard Deviation (%) - Last 5 years	13.2	14.6
Largest Monthly Gain (%) - Last 5 years	9.0 (Apr 15)	9.3 (Jul 14)
Largest Monthly Loss (%) - Last 5 years	-9.0 (Jun 14)	-13.6 (Jun 14)
% Positive Months (%)	58.7	50.8
Success Ratio (%) - Last 5 years	64	NA
Latest Drawdown—Peak to Trough (%)	-20.3	-35.8
Duration of Drawdown (months)	(17mths) Aug 14 to Jan 16	(21mths) May 14 to Jan 16
Recovery from Latest Drawdown (%)	6.5 Feb 16 to Aug 16	9.4 Feb 16 to Aug 16

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بنك استثماري sico  
Investment Bank

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