

Manager's Commentary

The year began with a steep selloff in almost all global markets, curbing investor enthusiasm for a better 2016. The bearish sentiment was agitated by disappointing economic data coming out of China. Furthermore, oil continued to be the major driver in the prolonged sell-off after tumbling to the lowest level in 12-years. The GCC markets mirrored the performance of international bourses and closed the month with sharp declines in the range of 5-10%, with the exception of Saudi Arabia that dropped 13%. Intra-month, markets dropped during the first half only to partially recover towards the end owing to a temporary recovery in oil prices.

The Fund ended the month declining by 8.9% and lagged the benchmark that fell 7.5%. In January, we had a major redemption from one of our clients that impacted the overall performance and also temporarily distorted the fund's allocations. Over the coming weeks, we are in the process of rebalancing the fund to bring it back to its original shape and in line with our model allocations.

We continue to remain defensive and focus on our core investment ideas across the region. The markets are expected to remain jittery and closely follow international bourses and oil prices. On the local front, investors will also close monitor full year earnings and dividends announcements. Given the sharp drop, the yields on many blue chips is well above 5%, which is also one of our cornerstones of our investment strategy.

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*
January 2016	-8.9	-7.5
2015	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	-11.6	-13.4
Last 6 Months	-18.2	-21.0
Last 1 Year	-6.5	-21.9
Last 3 Years	20.1	-5.4
Last 5 Years	25.2	-11.6
Last 7 Years	68.9	23.9
Since Inception (Feb 06 - Jan 16)	38.5	-47.3

*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

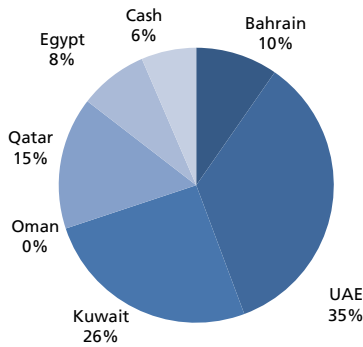
Name	Country	(%)
Jazeera Airways	Kuwait	7.8
Seef Properties	Bahrain	7.0
Emaar properties	UAE	6.0

Risk Statistics (last 5 years)

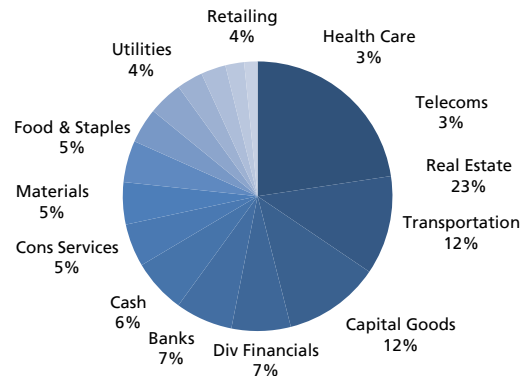
Standard Deviation (%)	13.2
Sharpe Ratio	0.1
Tracking Error (%)	5.5
Information Ratio	1.3
Alpha (%)	6.2
Beta	0.8

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	4.6	-2.4
Annualized Standard Deviation (%) - Last 5 years	13.2	14.5
Largest Monthly Gain (%)	12.6 (Apr 09)	14.1 (May 09)
Largest Monthly Loss (%)	-14.9 (Oct 08)	-24.4 (Oct 08)
% Positive Months (%)	58.8	49.6
Success Ratio (%)	65	NA
Maximum Drawdown-Peak to Trough (%) - Last 5 years	-31.0	-30.6
Length of Drawdown (months)	22	22
Recovery from Maximum Drawdown (%)	NA	NA

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