

# SICO Gulf Equity Fund

Fact Sheet - August 31, 2010

NAV US\$96.01 **↑ 0.8%**

## Manager's Commentary

August was a quiet month for the regional bourses as the overlap of Ramadan and summer resulted in the lowest volumes seen in recent times for some of the markets. Kuwait continued its upward trend and appreciated by 4.0% (market cap weighted index) amidst speculation that the government would guarantee banks to fund key development projects. This resulted in the Kuwaiti financial sector stocks to increase by 20-30% during the month reflecting the overall positive market sentiment. Qatar also extended its steady performance and increased by 2.8% for the month - its third consecutive positive monthly return. While Bahrain appreciated by 1.8%, Oman closed flat for the month. Dubai and Abu Dhabi were down around 2% each as stocks declined on negligible volumes.

SICO Gulf Equity Fund appreciated by 0.8% for the month as compared to a rise of 3.4% for the benchmark. Whilst the fund benefited from its large exposure to Qatar, the overall performance was restricted due to the modest declines in stocks from the UAE. The benchmark, on the other hand, benefited from the large exposure to Kuwaiti financials that rose on the back of aforementioned rumour. In our view, the sharp rise in Kuwaiti financials is speculative in nature as no official announcement has been made. In addition, not only are banks trading at a premium to regional peers, but also this latest development, if confirmed would translate into improved profitability only in next 2-3 years.

As Ramadan is closing to an end, investor activity should improve and the regional markets are likely to trend upwards. We are in the process of restructuring the portfolio so as to capitalize on any potential rally post Ramadan.

## 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.

### Fund Returns (%)

	Fund	MSCI GCC Ex Saudi Index
Aug 2010	0.8	3.4
YTD 2010 (Jan - Aug)	-3.6	5.6
2009	12.9	0.0
2008	-30.8	-54.0
2007	37.2	39.7
2006 (Mar - Dec)	-7.2	-21.3
Last 3 months	0.1	5.5
Last 6 months	-4.7	0.9
Last 1 year	-13.7	-9.4
Last 3 years	-11.6	-45.9
Last 5 years	n.a	n.a
Since Inception (Mar 06 - Aug 10)	-4.0	-46.6

## Fund Information

Launch Date	March 2006
Management Fee	1.5%
Performance Fee	10% over 10% pa
Subscription & Redemption	Monthly
Subscription Deadline	Five Business days before month end
Redemption Deadline	Ten Business days before month end
Minimum Subscription	US\$100,000
Reuters Code	LP65038264
Zawya Code	SICOGF.MF
Fund ISIN Code	BH000A1CZ855
Custodian/ Administrator	HSBC Middle East, Bahrain

## Top Holdings

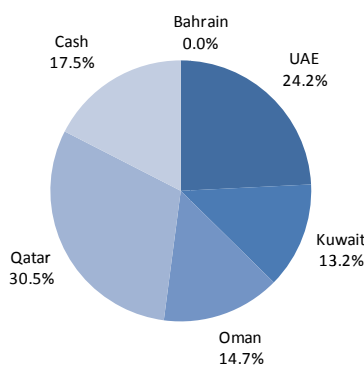
Name	Country	(%)
Qatar Electricity and Water	Qatar	5.9
National Bank of Kuwait	Kuwait	5.6
BankMuscat	Oman	4.4

## Risk Statistics

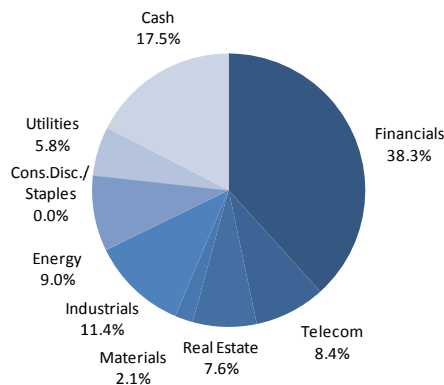
Annualised Standard Deviation(%)	20.6
Sharpe Ratio	-0.3
Information Ratio	0.8
Beta	0.6
Alpha (%)	5.9

\* For further information contact [assetmanagement@sicobahrain.com](mailto:assetmanagement@sicobahrain.com)

### Country Allocation



### Sector Allocation



## Fund Statistics

Price Earnings Multiple TTM (x)	11.1
Price to Book Multiple Latest (x)	1.7
Dividend Yield 2009 (%)	4.2
Number of Holdings	25
Annualized Return (%)	-1.1
Largest Monthly Gain (%)	12.6 (Apr 09)
Largest Monthly Loss (%)	-14.9 (Oct 08)
% of Positive Months	53
Maximum Drawdown- Peak to Trough (%)	-47.8
Length of Drawdown (months)	9
Recovery from recent trough (%)	21.2

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