

SICO Gulf Equity Fund

Fact Sheet - August 2013

NAVUS\$125.1 ↓ 0.1%

Adjusted (for dividends) NAVUS\$136.7

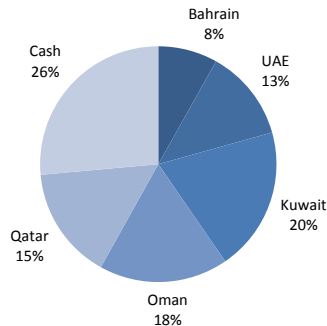
Manager's Commentary

The GCC markets exhibited heightened volatility during the month of August. After being in the green during the first three weeks of the month, the markets took a U-turn. The investors became concerned about the volatile political arena in the Middle-East and took it as an opportunity to book profits. Dubai (-2.5%) and Abu Dhabi (-2.9%) bourses declined the most, followed by Kuwait and Saudi Arabia which lost approximately 2% each. Qatar and Bahrain decreased by 0-1%. Oman was the only market to stay in the positive territory as it inched up 0.7%.

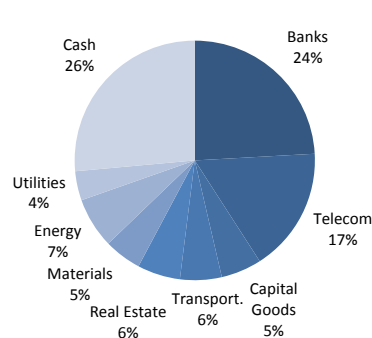
During the month, the fund's NAV declined by 0.1%, whereas the benchmark fell by 2.1%. This outperformance mainly came from our conservative asset allocation strategy. As we have emphasized previously, we believed that in the near term the upside to the regional equity markets was limited and in some areas pockets of bubbles had developed. During the past 2-3 months we have been booking profits and resultantly the fund's cash allocation had increased significantly by the time markets started correcting. Moreover, the fund's investments in Oman, such as Omantel and Al Anwar Ceramics generated positive returns. Year-to-date, the fund has appreciated by 26.3%, compared to a 15.9% increase in the benchmark. We are pleased to announce that during August, the fund paid a dividend of US\$5 per unit, in line with last year's dividend payment. We intend to maintain the policy of paying dividends on an annual basis, thereby giving investors an opportunity to book profits.

We believe that the present uncertainty in the Middle-East political front will remain an overhang on the regional markets. Therefore, the consolidation phase should continue in the next 1-2 months and any resurgence is likely to be short lived. Once we pass the cloud of uncertainty, we expect to deploy the fund's liquidity into new investment ideas and defensive stocks as we believe that the long term fundamentals of the region are intact.

Country Allocation



Sector Allocation



Key Statistics

	Fund	Index
Price Earnings Multiple TTM (x)	12.4	13.2
Price to Book Multiple Latest (x)	2.1	1.7
Return on Equity TTM (%)	17.1	12.5
Dividend Yield - 2012 (%)	4.2	3.8
Number of Holdings	24	125
Annualized Return (%)	4.3	-6.4
Annualized Standard Deviation (%)	17.4	21.4
Largest Monthly Gain (%)	12.6 (Apr 09)	15.4 (May-09)
Largest Monthly Loss (%)	-14.9 (Oct 08)	-24.4 (Oct-08)
% of Positive Months	58	48
Success Ratio (%)	66	NA
Maximum Drawdown-Peak to Trough (%)	-47.8	-67.5
Length of Drawdown (months)	9	12
Recovery from Maximum Drawdown (%)	70.4	55.5

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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*
Aug 2013	-0.1	-2.1
YTD 2013 (Jan - Aug)	26.3	15.9
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
2007	37.2	38.2
2006 (Feb - Dec)	-7.2	-20.2
Last 3 months	2.1	-0.2
Last 6 months	17.3	9.1
Last 1 year	31.4	21.2
Last 3 years	42.4	17.0
Last 5 years	2.1	-41.7
Since Inception (Feb 06 - Aug 13)	36.7	-39.2

* S&P GCC ex Saudi Index

Fund Information

Launch Date	March 2006
Management Fee	1.5%
Performance Fee	10% over 10% pa
Subscription & Redemption	Weekly
Dealing Day	Wednesday
Subscription & Redemption Deadline	Two Business days before Dealing Day
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	(%)
Omantel	Oman	5.7
Bank Muscat	Oman	4.9
Ahli United Bank	Bahrain	4.4

Risk Statistics

Annualised Standard Deviation (%)	17.4
Sharpe Ratio*	0.88
Tracking Error (%)	10.0
Information Ratio	1.1
Beta	0.7
Alpha (%)	8.1

* Sharpe ratio is based on last 3 years' data
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