

# SICO Gulf Equity Fund

Fact Sheet - December 2011

NAV US\$102.01 ↑0.7%

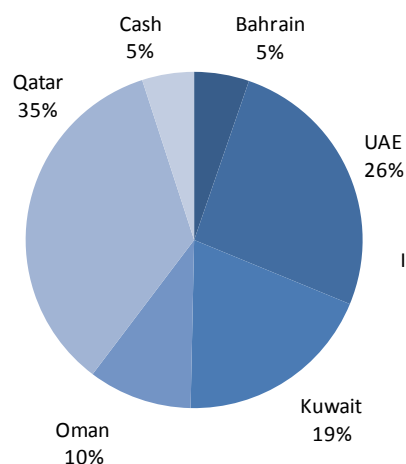
## Manager's Commentary

The GCC markets ended the year on a positive note, led by Saudi Arabia (+5.1%). The Saudi market increased leading up to the announcement of an expansionary budget for 2012. Furthermore, investor expectations of its equity market opening up to foreigners as early as 1Q2012 served as a catalyst. Oman also increased by 5.1%, while Qatar was up by 2.2%. These gains were partly offset by the declines in the rest of the markets in the range of 1-2%, notably UAE, which experienced a sell off subsequent to MSCI's decision not to upgrade it to emerging market status. During a year marred by the Eurozone debt crisis and the Arab Spring, the regional markets on average have still outperformed most of the developed and emerging markets.

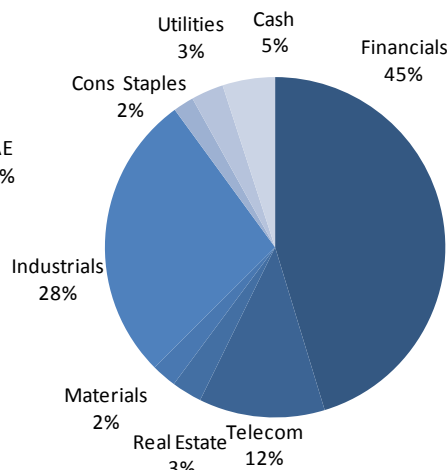
The NAV of SICO Gulf Equity Fund appreciated by 0.7% for the month, compared to a 0.5% decline in the benchmark. Your fund primarily benefited from its overweight position in Oman, especially to large caps, which appreciated by 5-10%. Alba, which added to its previous month's gains, also helped the outperformance. In addition, the fund had no exposure to some of the speculative stocks in Kuwait which declined in value. During 2011, the fund's NAV declined by 8.2% but it significantly outperformed the benchmark, which fell by 14.0%.

The global economic worries still linger as we enter into 2012 and therefore we expect equity markets to remain volatile. However, with oil prices comfortably above budget break-even levels, the GCC economies are in a solid position and consumer/public spending is benefitting companies with domestic focus. Also we are approaching the annual dividend season. Following these two themes, we remain buyers of equities. However, our portfolio is defensively positioned.

### Country Allocation



### Sector Allocation



### Key Statistics

	Fund	Index
Price Earnings Multiple TTM (x)	11.6	11.8
Price to Book Multiple Latest (x)	1.6	1.4
Return on Equity TTM (%)	14.8	11.5
Dividend Yield - 2010 (%)	5.0	4.8
Number of Holdings	26	141
Annualized Return (%)	0.3	-10.7
Annualized Standard Deviation (%)	18.9	23.9
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	53	46
Maximum Drawdown- Peak to Trough (%)	-47.8	-67.5
Length of Drawdown (months)	9	12
Recovery from recent trough (%)	28.7	32.3

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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	S&P GCC Ex Saudi Index
Dec 2011	0.7	-0.5
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 (Mar - Dec)	-7.2	-20.2
Last 3 months	1.9	0.3
Last 6 months	-5.3	-5.7
Last 1 year	-8.2	-14.0
Last 3 years	15.7	0.7
Last 5 years	9.9	-35.2
Since Inception (Mar 06 - Dec 11)	2.0	-48.3

## 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	(%)
Industries Qatar	Qatar	6.1
Bank Muscat	Oman	5.6
Qatar National Bank	Qatar	5.5

## Risk Statistics

Annualised Standard Deviation (%)	18.9
Sharpe Ratio	NA
Tracking Error (%)	10.9
Information Ratio	1.0
Beta	0.7
Alpha (%)	6.8

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