

# SICO Gulf Equity Fund

Fact Sheet - December 2016

NAV US\$ 107.67 ↑ 5.2%

Adjusted (for dividends) NAV US\$152.03

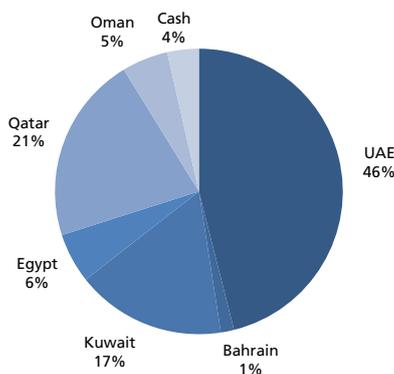
## Manager's Commentary

All regional markets recorded positive returns in December that helped the indices close the year with 5-10% returns. The GCC ex Saudi index rose 5.3% on the back of gains experienced mainly in Qatar and the UAE. The Qatari market reversed previous months' losses on the back of renewed interest in the large caps as market participants began positioning themselves ahead of the FTSE rebalancing expected in first quarter of 2017. UAE bourses also saw foreign interest with stocks such as Emaar Properties and other blue chip companies leading the rise.

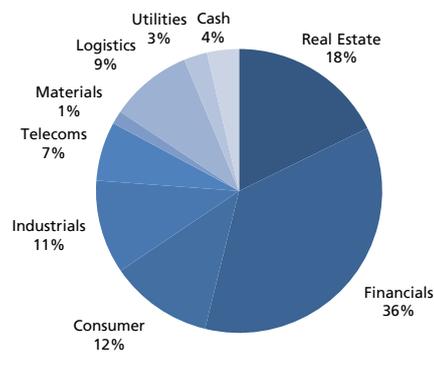
The fund recovered 5% in December as our core holdings across the markets rose. As a result, the fund ended the year flat but significantly underperformed its benchmark. It was a tough year as our off benchmark exposure to Egypt negatively contributed in dollar terms given the sharp depreciation of its currency (more than 80%) post the floatation in November. Another reason was due to our decision not to invest in Qatari and UAE large caps that benefited from an influx of passive flows throughout the year. One such example was the index heavyweight Etisalat that appreciated over 20% after increasing by over 50% in 2015. This is by far the most expensive telecom company in the region and probably globally trading at 18x earnings with minimal growth.

We are confident that our performance will be back on track this year. We have slightly rebalanced the fund focusing more on UAE and Egypt as we expect both these markets to outperform in 2017. Our main investment themes include: a) investing in companies that have the potential to undergo mergers and acquisitions such as Abu Dhabi based banks, b) focusing on recurrent earnings within the real estate space c) selectively investing in stocks that can potentially benefit from passive flows and d) investing in companies that offer dividend yields of 5% or more.

## Country Allocation



## Sector Allocation



## Key Statistics

	Fund	Index
Price to Earnings Multiple TTM (x)	11.5	13.2
Price to Book Multiple Latest (x)	1.5	1.3
Return on Equity TTM (%)	14.7	12.4
Dividend Yield—2015 (%)	3.7	4.5
Number of Holdings	32	154
Annualized Return (%) - Last 5 years	8.3	6.9
Annualized Standard Deviation (%) - Last 5 years	13.4	15.5
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 (%)	57	52
Success Ratio (%) - Last 5 years	57	NA
Latest Drawdown-Peak to Trough (%)	-20.3	-33.0
Duration of Drawdown (months)	(17mths) Aug 14 to Jan 16	(21mths) May 14 to Jan 16
Recovery from Latest Drawdown (%)	9.8 Feb 16 to Dec 16	20.7 Feb 16 to Dec 16

## 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*
Dec 2016	5.2	5.3
YTD (Dec 2016)	0.0	9.2
2015	1.8	-17.5
2014	4.2	3.3
Last 3 Months	-0.5	3.0
Last 6 Months	0.3	7.4
Last 9 Months	-0.9	5.8
Last 1 Year	0.0	9.2
Last 3 Years	6.1	-0.1
Last 5 Years	49.0	39.3
Last 10 Years	63.8	9.7
Since Inception (Mar 06-Dec 16)	52.0	-10.6

\*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	SICOGEF.MF
Fund ISIN Code	BH000A1CZ855
Custodian / Administrator	HSBC Bahrain

## Top Holdings

Name	Country	(%)
Emaar Properties	UAE	7.8
Industries Qatar	Qatar	6.3
BankMuscat	Oman	5.2

## Risk Statistics (last 5 years)

Standard Deviation (%)	13.4
Sharpe Ratio	0.4
Tracking Error (%)	5.6
Information Ratio	0.3
Alpha (%)	2.2
Beta	0.8

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بنك استثماري sico  
Investment Bank

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