

Manager's Commentary

After a strong start to the year, regional markets witnessed a mixed performance and traded in a narrow range during February. The overall ex Saudi index was up 0.4% led by positive contributions from Qatar and Bahrain. Qatar continued to see interest from active managers ahead of the FTSE passive flows expected in March, while stock specific activity continued to boost Bahrain bourse. The Kuwaiti market consolidated (-0.8%) after a stellar month as investor euphoria subsided especially within the small to mid cap segment.

The value of the fund appreciated by 2% compared to a 0.4% rise in the corresponding index. The fund benefited from the Egyptian exposure with some of our holdings rising in an overall declining market. More importantly, after a prolonged period, the currency appreciated which gave our Egyptian investments a boost. Apart from this, our holdings in the UAE also positively contributed with some reporting stellar fourth quarter numbers and underlying trends.

During the month, we met several regional corporates to get an update on the underlying business and understand their future strategies. This has resulted in some fresh investment ideas that we will be implementing in the fund over the coming period. On a whole, we will continue to focus on the UAE being our core market, while look to book profits in Qatar ahead of the FTSE inclusion. In Kuwait, we will gradually increase our exposure to the large caps given that they should benefit from the reclassification expected at the end of the second quarter.

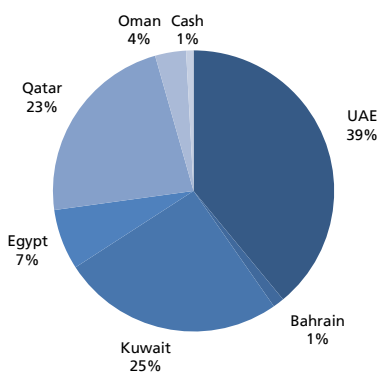
Investment Objective

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.

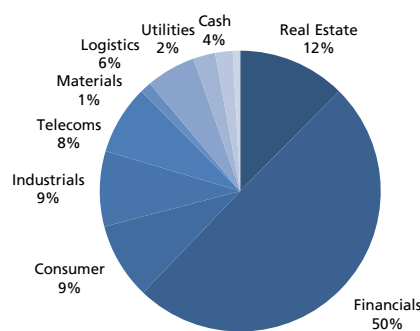
Returns (%)	Fund	Index*
Feb 2017	2.1	0.4
YTD (Feb 2017)	3.6	5.0
2016	0.0	9.2
2015	1.8	-17.5
Last 3 Months	9.0	10.6
Last 6 Months	1.4	7.6
Last 9 Months	3.4	14.9
Last 1 Year	7.6	16.9
Last 3 Years	2.1	-4.7
Last 5 Years	47.2	40.9
Last 10 Years	65.2	14.6
Since Inception (Mar 06– Feb 17)	57.5	-6.1

*S&P GCC ex Saudi Total Return Index

Country Allocation



Sector Allocation



Key Statistics

	Fund	Index
Price to Earnings Multiple TTM (x)	11.9	14.6
Price to Book Multiple Latest (x)	1.5	1.3
Return on Equity TTM (%)	15.9	12.3
Dividend Yield—2015 (%)	3.8	4.3
Number of Holdings	37	154
Annualized Return (%) - Last 5 years	8.0	7.1
Annualized Standard Deviation (%) - Last 5 years	13.5	15.7
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	56	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 (%)	13.7 Feb 16 to Feb 17	26.8 Feb 16 to Feb 17

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	6.9
National Bank of Kuwait	Kuwait	6.5
Industries Qatar	Qatar	6.3

Risk Statistics (last 5 years)

Standard Deviation (%)	13.5
Sharpe Ratio	0.4
Tracking Error (%)	5.7
Information Ratio	0.2
Alpha (%)	1.7
Beta	0.8

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بنك استثماري sico
Investment Bank

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