

SICO Gulf Equity Fund

Fact Sheet - January 2014

NAVUS\$136.4 ↑ 4.0%

Adjusted (for dividends) NAVUS\$149.0

Manager's Commentary

Global markets started the year on a negative note due to the perceived weakness in emerging economies and increased volatility in their currencies. Emerging markets extended their losses, declining by 6.6% and the contagion spread to developed markets, notably Japan and the US. However, the GCC markets showed resilience and all bourses generated positive returns in January. Dubai and Abu Dhabi led the way by increasing 11.9% and 8.9% respectively. The UAE markets' trading volumes remained high and were driven by news flows on real estate/construction sectors. Qatar also posted a healthy 7.8% return on the back of strong foreign inflow to the tune of over US\$400 million. The other GCC markets rose between 2-4% on the back of positive sentiment prevailing across the region.

Your fund posted yet another strong monthly return as its NAV increased by 4%. The portfolio returns were mainly driven by blue chip companies in the UAE such as Arabtec Holding, which increased by 49% in January. In addition, Qatari and Omani markets contributed positively to the portfolio. The fund underperformed the benchmark due to the underweight position in the UAE markets. In spite of outperforming the benchmark in the medium to long term, the fund has underperformed in the past six months due to the same reason. We have reassessed our strategy regarding the UAE and although the speculation surrounding small-mid cap stocks looks worrying, market momentum is strong and there appears to be more upside in blue chip, large cap names. We will be increasing the exposure to these types of companies which have lagged the recent rally.

During the month, we rebalanced the portfolio by booking profits in stocks where we believe the upside is limited and deployed the cash into fresh investments that we expect will perform well during the course of the year. In addition to the UAE, we expect Qatari equities to generate above average returns in 2014. Although the GCC markets have shown stability amidst the global volatility, the turbulence in the emerging markets poses a risk. In the near term, the dividend announcements and FY2013 results should act as catalysts.

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*
Jan 2014	4.0	5.2
2013	32.4	27.4
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	7.4	10.4
Last 6 months	9.0	13.2
Last 1 year	29.3	26.3
Last 3 years	34.8	18.1
Last 5 years	81.7	65.4
Last 7 years	59.6	-9.8
Since Inception (Feb 06 - Jan 14)	49.0	-29.7

* S&P GCC ex Saudi 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 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

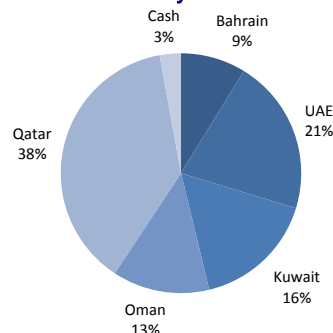
Name	Country	(%)
Industries Qatar	Qatar	5.2
Qatar Electricity and Water	Qatar	5.1
Ahli United Bank	Bahrain	4.7

Risk Statistics

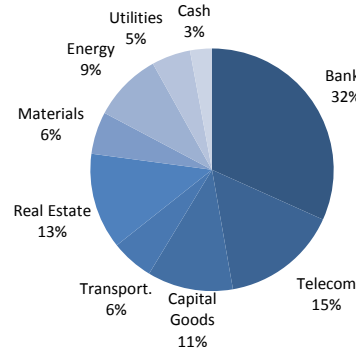
Annualised Standard Deviation (%)	17.0
Sharpe Ratio*	0.73
Tracking Error (%)	9.8
Information Ratio	1.0
Beta	0.7
Alpha (%)	7.4

* Sharpe ratio is based on last 3 years' data
For further information contact assetmanagement@sicobahrain.com

Country Allocation



Sector Allocation



Key Statistics

	Fund	Index
Price Earnings Multiple TTM (x)	14.8	14.9
Price to Book Multiple Latest (x)	2.1	1.8
Return on Equity TTM (%)	15.3	12.0
Dividend Yield - 2012 (%)	3.8	3.4
Number of Holdings	33	125
Annualized Return (%)	5.2	-4.4
Annualized Standard Deviation (%)	17.0	21.1
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	60	50
Success Ratio (%)	62	NA
Maximum Drawdown-Peak to Trough (%)	-47.8	-67.5
Length of Drawdown (months)	9	12
Recovery from Maximum Drawdown (%)	84.7	79.9

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بنك استثماري sico
Investment Bank

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