

SICO Gulf Equity Fund

Fact Sheet - June 2014

NAVUS\$122.58 ↓ 9.0%

Adjusted (for dividends) NAVUS\$154.11

Manager's Commentary

After nine consecutive months of positive returns, the GCC ex Saudi index fell sharply in June and declined by 13.7%. This was the largest fall experienced since the 2008 financial crisis and was led by Dubai that fell by 22.5%. The decline was triggered by Arabtec that dropped over 60% on the back of various negative newsflow, but later spread to the overall bourse on the back of margin calls. Abu Dhabi also felt the panic selling and the index dropped by 13.4%. Post the euphoria of the MSCI Emerging Market inclusion, foreign investors reduced their exposure in Qatar and the index declined by 16.1%. Kuwait fell by 4.4%, while the smaller markets of Oman and Bahrain held up relatively well amidst the overall negative sentiment.

Given the backdrop where three large bourses fell sharply, the NAV of the fund declined by 9%. The aggressive selloff in the UAE and Qatari markets resulted in an indiscriminate decline in blue chip companies that impacted the fund. However, the fund significantly outperformed the benchmark as we did not have any exposure to Arabtec and other high beta / speculative names that were the worst affected. Similarly, within Qatar, we did not have exposure to the Islamic banking sector stocks that were the main culprits as their share prices returned to normality given their previous rally which in our view was unjustified.

During the month, we booked gains in some of our Qatari holdings as they had reached our fair values. Resultantly, the allocation to Qatar reduced from 28% to 16%. At the same time, we took advantage of the decline in the UAE market and selectively increased our exposure to some holdings focusing on defensive names. Following such a sharp decline, it is pertinent to note that the markets have rebounded strongly in July and the fund has been able to recover most of the losses incurred in June. However, the strength of second quarter earnings will be crucial in determining the short to medium term direction of the markets.

Investment Objective

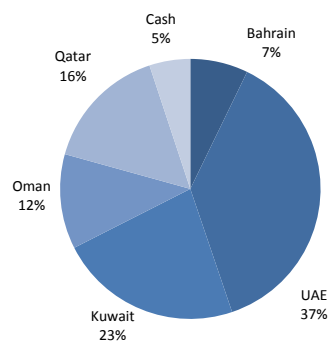
The Fund seeks to achieve long-term capital appreciation by investing principally in equity securities listed on the stock markets of the GCC countries excluding Saudi Arabia.

Returns (%)

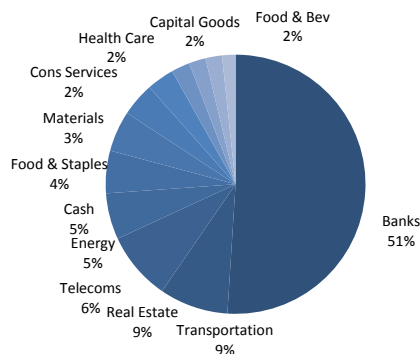
	Fund	Index*
June 2014	-9.0	-13.7
2014 (Jan-Jun)	7.5	6.1
2013	32.4	27.4
2012	6.1	1.4
2011	-8.2	-14.0
2010	11.6	18.4
2009	12.9	-1.1
2008	-30.8	-53.4
2007	37.2	38.2
Last 3 months	-2.4	-4.5
Last 6 months	7.5	6.1
Last 1 year	18.0	20.5
Last 3 years	43.1	29.2
Last 5 years	50.2	32.6
Last 7 years	42.5	-25.8
Since Inception (Feb 06 – Jun 14)	54.1	-29.2

* S&P GCC ex Saudi Index

Country Allocation



Sector Allocation



Key Statistics

	Fund	Index
Price Earnings Multiple TTM (x)	15.0	16.7
Price to Book Multiple Latest (x)	1.8	1.6
Return on Equity TTM (%)	12.3	11.3
Dividend Yield - 2012 (%)	3.6	3.2
Number of Holdings	33	166
Annualized Return – last 5 years (%)	8.5	5.8
Annualized Standard Deviation – last 5 years (%)	12.4	13.7
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	61	52
Success Ratio (%)	61	NA
Maximum Drawdown-Peak to Trough (%)	-47.8	-67.5
Length of Drawdown (months)	9	12
Recovery from Maximum Drawdown (%)	94.5	81.3

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	(%)
Emaar Properties	UAE	7.3
Ahli United Bank	Bahrain	4.9
Bank Muscat	Oman	4.7

Risk Statistics (last 5 years)

Annualised Standard Deviation (%)	12.4
Sharpe Ratio	0.56
Tracking Error (%)	7.1
Information Ratio	0.1
Beta	0.8
Alpha (%)	1.8

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Investment Bank

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