

SICO Gulf Equity Fund

Fact Sheet - June 2017

NAV US\$ 105.76 ↓ 0.9%

Adjusted (for dividends) NAV US\$ 157.25

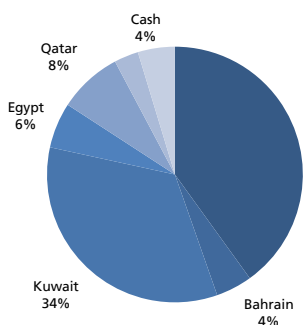
Manager's Commentary

Despite Ramadan typically being a slow period in terms of the markets, this year was unique as regional markets witnessed highly divergent returns. Saudi Arabia was the best performing bourse and rose close to 9% on the back of positive developments regarding MSCI inclusion and appointment of a new Crown Prince. On the other extreme was Qatar that declined 8.8% after GCC countries decided to sever ties.

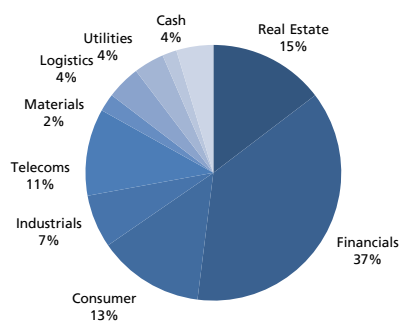
Given this backdrop, the fund declined by 1% while the corresponding benchmark dropped 3%. The fund outperformed its benchmark mainly due to our underweight stance in Qatar. When the announcement was made, we had around 12% allocation to Qatar and were drastically underweight compared to the benchmark which had around 30% allocation. As mentioned in our earlier write-ups, we significantly brought down our exposure to Qatar post the FTSE rebalancing in March as we felt the market lacked any positive catalysts and valuations were not that attractive. Hence, this development benefited the fund on a relatively basis.

We currently have around 8% allocation to Qatar with our main holding being Qatar Electricity, which in our opinion will not be affected if the current situation continues. Qatar Electricity, being a utility provider, has guaranteed off-take agreements to supply electricity and water hence its revenues and profitability should be unaffected. Its valuations are attractive and offer a dividend of close to 6%. Elsewhere, we continue to focus on the best investments in Kuwait and the UAE. Within UAE, our conviction in Emaar Properties has further been reiterated post the announcement to list its Dubai real estate operations which will further unlock value for Emaar Properties shareholders in the form a special dividend.

Country Allocation



Sector Allocation



Key Statistics

	Fund	Index
Price to Earnings Multiple TTM (x)	11.3	13.9
Price to Book Multiple Latest (x)	1.3	1.3
Return on Equity TTM (%)	12.7	10.2
Dividend Yield—2015 (%)	4.2	4.0
Number of Holdings	28	154
Annualized Return (%) - Last 5 years	9.1	6.9
Annualized Standard Deviation (%) - Last 5 years	13.1	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 (%)	58	51
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 (%)	13.5 Feb 16 to Jun 17	21.0 Feb 16 to Jun 17

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 2017	-0.9	-2.9
YTD (June 2017)	3.4	0.3
2016	0.0	9.2
2015	1.8	-17.5
Last 3 Months	-0.2	-3.8
Last 6 Months	3.4	0.3
Last 9 Months	3.0	3.2
Last 1 Year	3.7	7.7
Last 3 Years	2.0	-8.6
Last 5 Years	54.7	39.7
Last 10 Years	45.4	-11.2
Since Inception (Mar 06– Jun 17)	57.3	-10.4

*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	9.0
National Bank of Kuwait	Kuwait	6.6
Humansoft	Kuwait	6.4

Risk Statistics (last 5 years)

Standard Deviation (%)	15.5
Sharpe Ratio	0.5
Tracking Error (%)	5.9
Information Ratio	0.4
Alpha (%)	3.0
Beta	0.8

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بنك استثماري sico
Investment Bank

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