

SICO Gulf Equity Fund

Fact Sheet - May 2014

NAVUS\$134.65 ↑ 2.8%

Adjusted (for dividends) NAVUS\$169.28

Manager's Commentary

The GCC ex Saudi index ended the month on a positive tone (+4.4%) on optimism surrounding the inclusion of UAE and Qatar into the MSCI Emerging Market (EM) Index. However, post the official announcement made in mid-May, the Dubai market became volatile and dropped 13% in four trading sessions, only to recover during the last day of the month on account of large foreign inflows. Strong foreign flows also fuelled the Qatari market (+8%) that helped it close at an all-time high. Other markets such as Kuwait and Bahrain were much more subdued and increased in the range of 1-2%.

The NAV of SICO Gulf Equity Fund appreciated by 2.8% and posted its eleventh consecutive monthly gain. The fund primarily benefited from the gains of some of our core holdings from the UAE. However, compared to the benchmark, stock selection in Qatar affected the fund's performance as activity was primarily focused on stocks to be included in the EM index. Examples include Masraf Al Rayan (+36%) and Vodafone Qatar (+23%) that rallied sharply, valuations of which cannot be justified based on their fundamentals. This trend was similar in the UAE where stocks to be included in the index were the highest gainers.

Going forward, we expect that once the euphoria of the inclusion of Qatar and the UAE in the EM Index ends, regional bourses will consolidate during the next couple of months. Given this, our strategy is to remain defensive and avoid momentum based stocks especially those that have risen steeply over the last one year and are trading significantly above their fair values. We remain confident that our strategy will produce superior returns in the medium to long term.

On a separate note, we are pleased to mention that during the month, the fund distributed US\$6/unit cash dividend, a 20% increase compared to last year. While this is the third consecutive year for cash dividend payments, the fund also distributed 10% additional units to its investors.

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*
May 2014	2.8	4.4
2014 (Jan-May)	18.1	22.8
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	9.7	12.3
Last 6 months	21.6	28.5
Last 1 year	26.4	34.7
Last 3 years	55.1	47.0
Last 5 years	60.5	58.5
Last 7 years	59.3	-13.0
Since Inception (Feb 06 – May 14)	69.3	-17.9

* 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

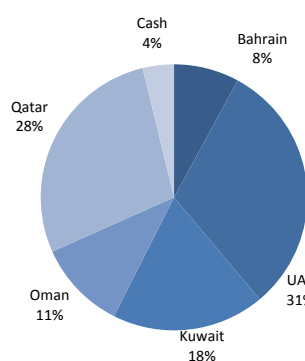
Name	Country	(%)
Emaar Properties	UAE	7.3
Ahli United Bank	Bahrain	4.7
Bank Muscat	Oman	4.4

Risk Statistics (last 5 years)

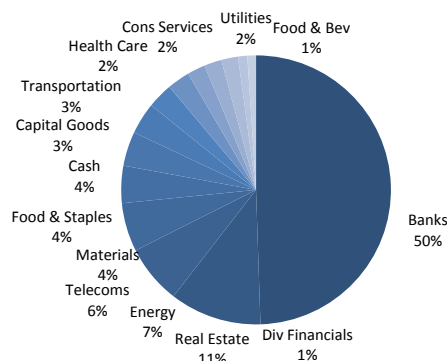
Annualised Standard Deviation (%)	12.4
Sharpe Ratio	0.56
Tracking Error (%)	7.1
Information Ratio	0.1
Beta	0.8
Alpha (%)	1.8

For further information contact assetmanagement@sicobahrain.com

Country Allocation



Sector Allocation



Key Statistics

	Fund	Index
Price Earnings Multiple TTM (x)	15.6	17.1
Price to Book Multiple Latest (x)	2.1	1.9
Return on Equity TTM (%)	13.3	11.2
Dividend Yield - 2012 (%)	3.5	3.1
Number of Holdings	40	125
Annualized Return – last 5 years (%)	9.9	9.7
Annualized Standard Deviation – last 5 years (%)	12.4	14.4
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	62	53
Success Ratio (%)	61	NA
Maximum Drawdown-Peak to Trough (%)	-47.8	-67.5
Length of Drawdown (months)	9	12
Recovery from Maximum Drawdown (%)	113.6	110.0

Securities & Investment Company BSC (c)
P.O. Box 1331, Manama, Kingdom of Bahrain
Tel: +973 1751 5000 Fax: +973 1751 4000
CR No: 33469
www.sicobahrain.com

شركة الأوراق المالية والاستثمار ش.م.ب (م)
ص.ب: 1331، المنامة، مملكة البحرين
هاتف: +973 1751 5000 فاكس: +973 1751 4000
سجل تجاري رقم 33469

بنك استثماري sico
Investment Bank