

SICO Gulf Equity Fund

Fact Sheet - October 2013

NAVUS\$126.9 ↑ 0.7%

Adjusted (for dividends) NAVUS\$138.8

Manager's Commentary

The partial government shutdown in the US caused jitters and uncertainty in the global markets during the first week of October. However, the markets eventually recovered in anticipation of a resolution and extended their year to date gains after an eleventh hour agreement provided relief to investors. The GCC markets followed suit with Dubai and Qatar increasing 5.8% and 2.4% respectively. Saudi and Kuwait increased by 1% each while Oman and Bahrain posted modest gains.

During the month, the fund's NAV increased by 0.7%, whereas the benchmark appreciated by 1.4%. The fund has underperformed its benchmark for the second consecutive month mainly due to its defensive positioning. We believe that pockets of bubbles are developing in some markets (such as Dubai which is up by ca.80% in 2013) and sectors such as consumers and real estate. Although, on an overall basis the gulf markets continue to remain attractive, we are becoming increasingly uncomfortable with heightened speculative activity within certain segments of the market. During the past few months we have drastically reduced our exposure to the UAE markets which has affected the short term performance of the fund as Dubai continues to outperform the rest of the region. In spite of the short term set back, we are confident that in the medium term, our investment strategy based on fundamentals will pay off. Note that on a year-to-date basis, the fund (+28.3%) is still outperforming its benchmark (+21.4%).

We will continue to adhere to a defensive strategy so that in case of a correction we can protect the strong gains made over the past year or so. We are currently finalizing several new investment ideas in order to deploy the liquidity. With the year-end dividend season approaching, we prefer to focus on the high dividend yielders with stable earnings potential – stocks that have a potential to outperform the market in times of volatility.

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*
Oct 2013	0.7	1.4
YTD 2013 (Jan – Oct)	28.3	21.4
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	1.4	2.5
Last 6 months	8.9	9.8
Last 1 year	30.7	23.0
Last 3 years	32.0	9.1
Last 5 years	42.1	-6.9
Since Inception (Feb 06 – Oct 13)	38.8	-36.3

* 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

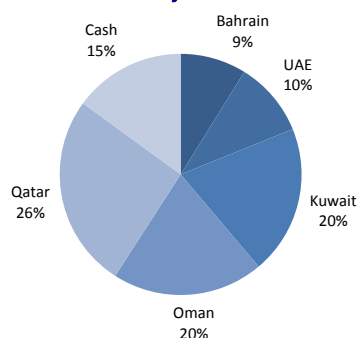
Name	Country	(%)
Omantel	Oman	5.8
Bank Muscat	Oman	5.7
Qatar Electricity and Water	Qatar	5.0

Risk Statistics

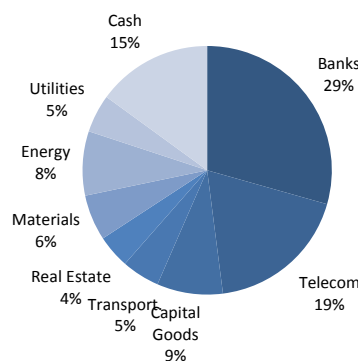
Annualised Standard Deviation (%)	17.2
Sharpe Ratio*	0.72
Tracking Error (%)	9.9
Information Ratio	1.0
Beta	0.7
Alpha (%)	7.6

* 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)	12.5	13.8
Price to Book Multiple Latest (x)	2.1	1.7
Return on Equity TTM (%)	17.0	11.9
Dividend Yield - 2012 (%)	4.5	3.7
Number of Holdings	25	125
Annualized Return (%)	4.4	-5.7
Annualized Standard Deviation (%)	17.2	21.2
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	59	49
Success Ratio (%)	64	NA
Maximum Drawdown-Peak to Trough (%)	-47.8	-67.5
Length of Drawdown (months)	9	12
Recovery from Maximum Drawdown (%)	72.8	62.9

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Investment Bank

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