

SICO Gulf Equity Fund

Fact Sheet - October 2014

NAVUS\$133.07 ↓ 3.7%

Adjusted (for dividends) NAVUS\$167.29

Manager's Commentary

The GCC markets underwent a sharp correction in October as all bourses posted negative returns. The markets mirrored the plunge in international oil prices that ended the month with a drop of over 12%. It is pertinent to note that oil prices have fallen by over 30% from the peaks made a few months ago. The selloff was further exacerbated by the volatile international bourses. As a result, the two most active bourses i.e Saudi Arabia and Dubai were the most affected and declined by 7.6% and 9.9%, respectively. Heavy foreign selling in Oman also resulted in its market dropping 6.8%, while Abu Dhabi fell by 4.8%. Qatar was far more resilient and only fell 1.7% owing to continued buying interest in anticipation to the upcoming Emerging Markets rebalancing.

The NAV of the fund declined by 3.7% in October compared to 5% decline in its benchmark. The fund benefited from not having any exposure to high beta names primarily from the UAE market. Examples included Deyaar (-13.8%), Dubai Financial Market (-18.2%) and Union Properties (-17.3%). Moreover, we had good allocation to some stocks from Qatar and Abu Dhabi that posted modest gains such as Barwa Real Estate (+7%) and Union National Bank (+3%).

During the month, we took advantage of the sharp decline in the Dubai market and increased our exposure to selected stocks that we believe make fundamental sense. As a result, the overall allocation to the UAE market crossed 40%. We have a positive view on the UAE and Qatari markets as both economies are least dependent on oil and enjoy the lowest fiscal break even oil prices. Moreover, in the case of the UAE, earnings growth is expected to be the highest in the region ranging from 15% to 20%. In Qatar, the market is expected to remain firm in the short term as investors position themselves ahead of the upcoming EM rebalancing scheduled for end of November where blue chip companies are expected to see a substantial increase in their weights which should attract further inflows from passive funds.

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*
October 2014	-3.7	-5.0
2014 (Jan-Oct)	16.7	13.6
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	1.0	-2.0
Last 6 months	1.6	-3.4
Last 1 year	20.6	19.2
Last 3 years	62.7	43.9
Last 5 years	48.2	35.1
Last 7 years	38.5	-29.9
Since Inception (Feb 06 – Oct 14)	67.3	-24.1

* 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	SICOGF.MF
Fund ISIN Code	BH000A1CZ855
Custodian/ Administrator	HSBC Bahrain

Top Holdings

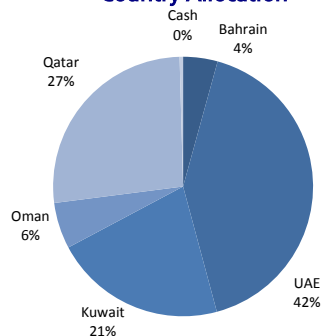
Name	Country	(%)
Emaar Properties	UAE	8.8
Dubai Islamic Bank	UAE	5.0
Al Meera Consumer	Qatar	4.2

Risk Statistics (last 5 years)

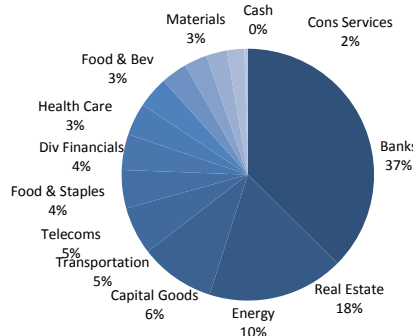
Annualised Standard Deviation (%)	13.3
Sharpe Ratio	0.4
Tracking Error (%)	6.5
Information Ratio	0.3
Beta	0.8
Alpha (%)	2.7

For further information contact assetmanagement@sicobahrain.com

Country Allocation



Sector Allocation



Key Statistics

	Fund	Index
Price Earnings Multiple TTM (x)	16.8	15.1
Price to Book Multiple Latest (x)	2.8	1.9
Return on Equity TTM (%)	13.2	12.7
Dividend Yield - 2013 (%)	2.2	3.2
Number of Holdings	36	166
Annualized Return – last 5 years (%)	8.2	6.2
Annualized Standard Deviation – last 5 years (%)	13.3	15.3
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 (%)	59	NA
Maximum Drawdown-Peak to Trough (%)	-47.8	-67.5
Length of Drawdown (months)	9	12
Recovery from Maximum Drawdown (%)	111.1	94.2

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