

# SICO Gulf Equity Fund

Fact Sheet - September 2013

NAVUS\$126.1 ↑ 0.8%

Adjusted (for dividends) NAVUS\$137.8

## Manager's Commentary

During the month of September, global markets reacted positively to the Fed's announcement that it will maintain the pace of the bond buying under QE3. This favourable global backdrop, coupled with easing of tensions in the Middle East regarding Syria helped the GCC markets to bounce back. Although they were in the red during the first week of the month, the sharp recovery enabled the GCC markets to end the month in the positive territory. The Dubai market rose sharply by 9.5%, mainly thanks to the rally in second tier speculative stocks. Abu Dhabi, Kuwait and Saudi markets also appreciated between 2.5-3.0%. On the other hand, Oman and Qatar markets declined marginally.

During the month, the fund's NAV increased by 0.8%, whereas the benchmark appreciated by 3.2%. This underperformance was mainly due to the defensive positioning of the portfolio, characterized by high cash allocation and a lower exposure to the UAE. Portfolio's cash allocation had significantly increased due to profit booking in the past 2-3 months. As the markets recovered sharply and because the rally was concentrated in the UAE we didn't benefit much from the recovery. Furthermore, the fund didn't have any exposure to second tier speculative stocks in the UAE which led the rally. However, it's pertinent to note that on year-to-date basis, the fund (+27.4%) is still outperforming the benchmark (+19.7%).

Although easing of regional political tensions provides a temporary relief, we don't see catalysts that can propel the broader markets further in the short run. However, we believe that pockets of opportunities still exist and especially with the year-end dividend season approaching, investors would turn their attention to high dividend yielding stocks. Going forward, we will deploy the fund's liquidity into new investment ideas by taking advantage of broader market weakness.

## 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*
Sep 2013	0.8	3.2
YTD 2013 (Jan – Sep)	27.4	19.7
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	5.5	6.7
Last 6 months	15.9	13.3
Last 1 year	30.3	21.0
Last 3 years	34.6	11.5
Last 5 years	20.2	-30.7
Since Inception (Feb 06 – Sep 13)	37.8	-37.3

\* 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

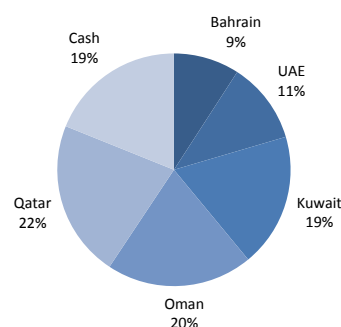
Name	Country	(%)
Omantel	Oman	6.0
Bank Muscat	Oman	6.0
Ahli United Bank	Bahrain	4.3

## Risk Statistics

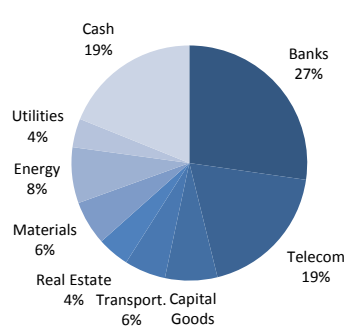
Annualised Standard Deviation (%)	17.3
Sharpe Ratio*	0.72
Tracking Error (%)	10.0
Information Ratio	1.0
Beta	0.7
Alpha (%)	7.8

\* Sharpe ratio is based on last 3 years' data  
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## Country Allocation



## Sector Allocation



## Key Statistics

	Fund	Index
Price Earnings Multiple TTM (x)	12.2	13.4
Price to Book Multiple Latest (x)	2.0	1.7
Return on Equity TTM (%)	16.8	12.6
Dividend Yield - 2012 (%)	4.5	3.8
Number of Holdings	26	125
Annualized Return (%)	4.3	-6.0
Annualized Standard Deviation (%)	17.3	21.3
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	58	48
Success Ratio (%)	65	NA
Maximum Drawdown-Peak to Trough (%)	-47.8	-67.5
Length of Drawdown (months)	9	12
Recovery from Maximum Drawdown (%)	71.7	60.5

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Investment Bank

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