

SICO Gulf Equity Fund

Fact Sheet - October 2016

NAV US\$ 104.50 ↓ 4.0%

Adjusted (for dividends) NAV US\$ 146.65

Manager's Commentary

The GCC bourses posted mixed returns during October with the exception of Saudi Arabia and Kuwait. The Saudi market appreciated sharply (+7%) on the back of the successful issuance of international debt and news reports that the Government will start paying contractors. Kuwait appreciated by 0.6% mainly due to a rally in Zain Kuwait, which rose 16% based on rumors that the major shareholder is looking to sell its stake at a substantial premium. Both Abu Dhabi and Dubai declined close to 4% on the back of waning foreign investor activity, while Qatar fell 2.5% on poor result announcements especially from the financial sector.

The fund declined by 4% and underperformed the benchmark. This was mainly due to our large exposure to the UAE which declined during the month. Our top holdings, Aramex and Emaar Properties declined in line with the overall negative sentiment of the market. Nonetheless, we continue to remain confident on both companies' prospects given their resilient business models. Furthermore, our non-benchmark exposure to Egyptian equities worked against us as our core holding, Domty, declined on prospects of a poor third quarter earnings announcement. However, given the recent devaluation, we believe the worst is behind them and going forward, their earnings should start recovering.

We acknowledge that the fund has underperformed its benchmark this year due to the reasons explained in the previous factsheets. However, we would like to remind our investors that the medium to long term track record (3, 5 and 10 years) still remains strong and are confident that the performance will be back on track in 2017. We are carefully evaluating our holdings and are making the necessary adjustments.

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 2016 | -4.0 | -2.1 |
| YTD (September 2016) | -3.6 | -0.5 |
| 2015 | 1.8 | -17.5 |
| 2014 | 4.2 | 3.3 |
| Last 3 Months | -7.5 | -1.8 |
| Last 6 Months | -5.2 | -1.9 |
| Last 9 Months | 5.9 | 7.5 |
| Last 1 Year | -6.4 | -6.8 |
| Last 3 Years | 5.7 | -11.0 |
| Last 5 Years | 42.6 | 7.3 |
| Last 10 Years | 48.4 | -34.3 |
| Since Inception (Mar 06-Oct 16) | 46.7 | -43.4 |

*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 |

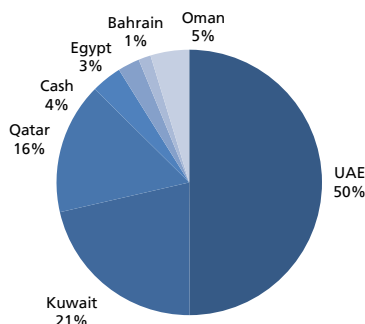
Top Holdings

| Name | Country | (%) |
|------------------|---------|-----|
| Emaar Properties | UAE | 7.9 |
| Aramex | UAE | 7.9 |
| Mabaneer | Kuwait | 5.4 |

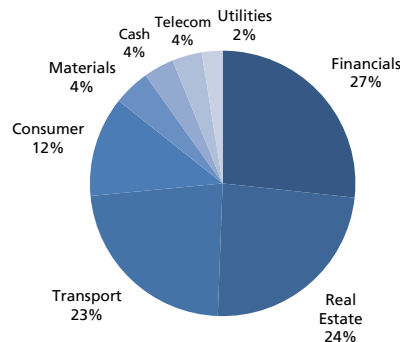
Risk Statistics (last 5 years)

| | |
|------------------------|------|
| Standard Deviation (%) | 13.3 |
| Sharpe Ratio | 0.3 |
| Tracking Error (%) | 6.0 |
| Information Ratio | 1.0 |
| Alpha (%) | 5.7 |
| Beta | 0.8 |

Country Allocation



Sector Allocation



Key Statistics

| | Fund | Index |
|--|------------------------------|------------------------------|
| Price to Earnings Multiple TTM (x) | 11.4 | 12.9 |
| Price to Book Multiple Latest (x) | 1.4 | 1.2 |
| Return on Equity TTM (%) | 14.9 | 12.2 |
| Dividend Yield—2015 (%) | 4.0 | 4.8 |
| Number of Holdings | 29 | 154 |
| Annualized Return (%) - Last 5 years | 7.4 | 1.4 |
| Annualized Standard Deviation (%) - Last 5 years | 13.3 | 14.6 |
| 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 (%) | 57.8 | 50.8 |
| Success Ratio (%) - Last 5 years | 63 | NA |
| Latest Drawdown-Peak to Trough (%) | -20.3 | -35.8 |
| Duration of Drawdown (months) | (17mths) Aug 14 to Jan 16 | (21mths) May 14 to Jan 16 |
| Recovery from Latest Drawdown (%) | 0.5 Feb 16 to Oct 16 | 9.8 Feb 16 to Oct 16 |

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: ١٣٣١، المنامة، مملكة البحرين
هاتف: +٩٧٣ ١٧٥١ ٥٠٠٠ فاكس: +٩٧٣ ١٧٥١ ٤٠٠٠
سجل تجاري رقم ٣٣٤٦٩

بنك استثماري sico
Investment Bank

Securities and Investment Company BSC (c) claims compliance with the Global Investment Performance Standards (GIPS®). Securities and Investment Company BSC (c) (also known as SICO) is a closed joint stock company registered in Bahrain and operates a wholesale banking license from the Central Bank of Bahrain. The company is registered with the Ministry of Industry and Commerce and is listed on the Bahrain Stock Exchange as a closed company. To receive a list of composite descriptions and/or a presentation that complies with the GIPS standards, write to assetmanagement@sicobahrain.com, or call 973 17 515000.

This report should not be considered an offer to sell, or a solicitation to buy, shares mentioned herein. Past performance is no indication of future results. Fund historical performance does not promise the same or similar results in the future. Principal value, share prices and investment returns fluctuate with changes in market conditions. The information contained herein has been compiled from sources believed to be reliable; however Securities & Investment Company ("SICO") does not guarantee its accuracy or completeness. Opinions, forecasts and estimates constitute our judgment as of the date of this report and are subject to change without notice. This report is not a solicitation of an order to buy or sell securities or to provide investment advice or service. SICO or its affiliates may from time to time engage in long or short positions in the securities mentioned herein. SICO or its affiliates may act as principal, agent or market maker or provide other services to the issuers of securities mentioned herein. This report is provided for information purposes only and may not be copied or distributed to any other person without the prior written consent of SICO.