

# SICO Gulf Equity Fund

Fact Sheet - June 30, 2009

NAV US\$ 102.60 ↓ 2.7%

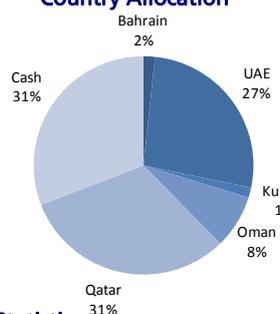
## Manager's Commentary

The GCC markets performed in a mixed fashion in June as stocks rallied until mid-month but gave up their gains during the second half thus, ending a three month rally. This outcome was also visible in global markets. Following World Bank's prediction of a deeper slump in the global economy, stocks and commodities fell as investors began re-evaluating their outlook for the pace of recovery. Meanwhile, regional worries lingered over real estate sector prospects and lack of transparency in the financial sector especially in regards to the local banks' exposure to the two troubled Saudi groups. These factors led to declines in most GCC markets though the scale of decline varied with Qatar (-7%) and Dubai (-5%) suffering the most while Kuwait, Abu Dhabi and Bahrain had moderate losses. Oman was the only exception as it managed to close up 2%.

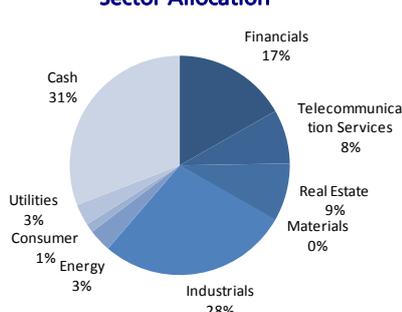
The NAV of SICO Gulf Equity Fund decreased by 2.7% in June compared to the benchmark, MSCI GCC ex Saudi index, which was marginally up by 0.6%. Zain being the index heavyweight figured prominently in the index's returns as it rallied by 18% and contributed about 3% of the total return. Over the last three months, the share price has exhibited volatility and risen by more than 60%. The stock has been thriving on rumours regarding a potential acquisition of its African assets which was subsequently denied by the company. Our stance was bearish as we did not see the acquisition news befitting the company strategically and felt it was already priced in. As the valuations appeared expensive and operational challenges loomed large over the company's ambitious growth target, we chose to book profits by exiting our position in Zain. Instead we continued to focus on non-speculative equities with sound fundamentals.

In June, we booked some gains to take advantage of the initial market rally. This increased the cash allocation to 31% from 23%. As share prices started to correct, we chose to invest selectively in some value stocks in Qatar and the UAE. The recent correction was not too surprising to us as we had consistently voiced concerns regarding the pace and sustainability of the upswing in the GCC markets which rallied as high as 60% by mid June from their March lows. Our defensive position during the sharp run-up caused the fund to underperform over the last three months, yet the fund's ytd return is far ahead of the index. At this point, we feel markets may correct further while the outcome of corporate earnings will also determine the market direction in the near term. Our strategy is not to rush into investing mode but to monitor these developments and time our entry carefully.

### Country Allocation



### Sector Allocation



## Fund Statistics

Price Earnings Multiple 2008 (x)	10.3
Price to Book Multiple Latest (x)	1.7
Dividend Yield 2008 (%)	4.7
Number of Holdings	24
Annualized Return (%)	0.8
Largest Monthly Gain (%)	12.6 (Apr 09)
Largest Monthly Loss (%)	-14.9 (Oct 08)
% of Positive Months	53
Maximum Drawdown- Peak to Trough (%)	-47.8
Length of Drawdown (months)	9
Time to Recovery (months)	n/a

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: 1751 5000 +973 فاكس: 1751 4000 +973  
سجل تجاري رقم 33469

## 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.

## Fund Returns (%)

	Fund	MSCI GCC Ex Saudi Index
June 2009	-2.7	0.6
YTD 2009 (Jan-Jun)	16.4	5.9
Last 3 months	21.3	31.2
Last 6 months	16.4	5.9
Last 1 year	-32.0	-51.6
Last 3 years	15.9	-33.7
Last 5 years	n/a	n/a
2008	-30.8	-53.7
2007	37.2	35.4
2006 (Mar - Dec)	-7.2	-18.8
Since Inception (Mar 06 - Jun 09)		

## Top Holdings

Name	Country	(%)
Qatar Telecom	Qatar	3.7
Renaissance Services	Oman	3.6
Industries Qatar	Qatar	3.5

## Fund Information

Launch Date	March, 2006
Management Fee	1.5%
Performance Fee	10% over 10% pa
Subscription & Redemption	Monthly
Subscription Deadline	Five Business days before month end
Redemption Deadline	Ten Business days before month end
Minimum Subscription	US\$ 100,000
Reuters Code	LP65038264
Zawya Code	SICOGEF.MF
Fund Listing	Bahrain Stock Exchange
Custodian/ Administrator	HSBC Middle East, Bahrain
Auditors	Price Waterhouse Coopers

## Risk Statistics

Annualised Standard Deviation(%)	21.6
Sharpe Ratio	-0.2
Information Ratio	1.4
Beta	0.7
Alpha (%)	10.6

\* For further information contact [assetmanagement@sicobahrain.com](mailto:assetmanagement@sicobahrain.com)