

SICO Kingdom Equity Fund

Fact Sheet - January 2014

NAV USD 15.02 ↑ 3.4%

Manager's Commentary

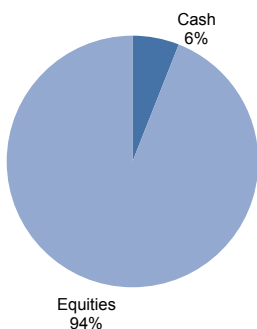
During January, risk appetite was subdued due to economic issues surrounding emerging markets and increased volatility in their currencies. In particular, lack of positive data from China weighed negatively on investors' sentiment and thus the global markets ended the month on a weak note. GCC markets, on the contrary showed resilience and continued their uptrend. Dubai and Abu Dhabi, which were best performing markets in 2013 again led the way and increased 11.9% and 8.9% respectively due to news flows concerning the real estate/ construction sectors. Qatar also posted a healthy 7.8% return on the back of strong foreign inflow to the tune of over US\$400 million. This positive sentiment permeated into other GCC markets which posted returns between 2-4%. The Saudi market also increased and generated return of 2.6% due to investors' interest in selected names within the financial sector.

The fund increased by 3.4% during the month and outperformed its benchmark. Stock selection continued to be the main contributor to the fund's return. Our stock picks in the financial sector such as Riyad Bank (+26%) and Samba (+7%) generated over two thirds of the returns. Riyad Bank and Samba reported strong earnings growth of 27% and 16% for the quarter. During the month, we booked profits in selected stocks within the financial and industrial space where we anticipated limited upside. Moreover, we increased our exposure to core investments and selected names within industrial and consumer sectors that we expect to perform well during the course of the year.

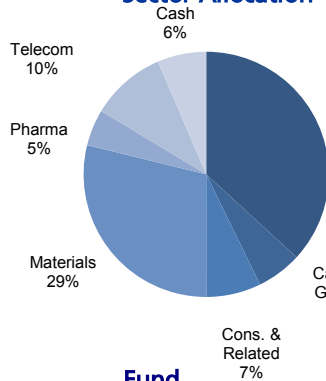
In the short term, we anticipate market sentiment will be driven by full year results and dividends. While the GCC markets have shown resilience and stability amidst the global volatility until now, we would not be surprised if the regional markets also experience increased volatility in coming months. Hence, a prudent and disciplined investment strategy will be the key in preserving capital and producing superior risk adjusted returns. Therefore, we continue to focus on companies with sound fundamentals and remain invested in order to fully capitalize on the upswing of the regional markets.

We are pleased to inform you that the fund has completed three years of operations since its inception in February 2011. Over this period, the fund has produced a returned 49% (14.5% annualized) comfortably outperforming its benchmark, despite having lower standard deviation than that of the Index.

Asset Allocation



Sector Allocation



Key Statistics

	Fund	Index
Price to Earnings Multiple TTM (x)	13.2	16.8
Price to Book Multiple Latest (x)	2.4	2.2
Return on Equity TTM (%)	17.8	13.2
Dividend Yield—2012 (%)	3.5	3.2
Number of Holdings	27	145
Annualized Return (%)	14.5	11.3
Annualized Standard Deviation (%)	12.0	14.5
Largest Monthly Gain (%)	7.6 (Mar 11)	10.5 (Mar 11)
Largest Monthly Loss (%)	-6.5 (Aug 11)	-7.7 (May 12)
% Positive Months (%)	64	64
Success Ratio (%)	58	NA
Maximum Drawdown—Peak to Trough (%)	11.6	12.2
Length of Drawdown (months)	4	3
Recovery from Maximum Drawdown (%)	58.6	46.5

Investment Objective

The primary objective of this Fund is to seek long-term capital appreciation. The Fund will aim to achieve this investment objective by primarily investing in equity securities listed in Saudi Arabia.

Returns (%)	Fund	Index*
January 2014	3.4	2.6
2013	33.1	25.5
2012	8.7	6.0
2011 (Feb – Dec)	0.4	0.9
Last 3 Months	8.5	8.9
Last 6 Months	7.9	10.7
Last 1 Year	31.8	24.4
Last 3 Years	50.2	37.8
Last 5 Years	NA	NA
Since Inception (Feb 11— Dec 13)	50.2	37.8

*Saudi Stock Exchange Index

Fund Information

Launch Date	February 2011
Management Fee	1.5%
Performance Fee	None
Subscription & Redemption	Weekly
Dealing Day	Wednesday
Subscription & Redemption Dead-line	Two Business days before dealing day
Minimum Subscription	USD 100,000
Bloomberg Code	SICOKEF BI Equity
Zawya Code	SICOKEQ.MF
Fund ISIN Code	BH00016X01B0
Custodian / Administrator	HSBC Bahrain

Top Holdings

Name	Sector	(%)
SABIC	Materials	10.5
Mobily	Telecom	8.4
Riyad Bank	Financials	7.5

Risk Statistics

Standard Deviation (%)	12.0
Sharpe Ratio	1.0
Tracking Error (%)	4.9
Information Ratio	0.7
Alpha (%)	5.0
Beta	0.8

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بنك استثماري **sico**
Investment Bank

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