

SICO Kingdom Equity Fund

Fact Sheet - December 2013

NAV USD 14.52 ↑ 2.5%

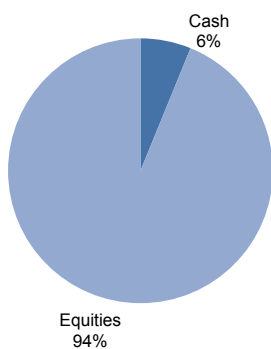
Manager's Commentary

Despite Fed's decision to taper the QE3 program, US equity markets ended the month on a positive note as the investors felt reassured by the latest economic data. The GCC markets also increased and gained 2.5% as measured by the S&P GCC Index. Dubai was in the limelight once again as it rallied 14.4% on winning Expo 2020, followed by Abu Dhabi (+11.4%). The Saudi market increased by 2.5%, while Bahrain and Oman rose by 3.3% and 1.9% respectively. The Qatari market was flat, whereas Kuwait was the only GCC market to decline (-1.3%).

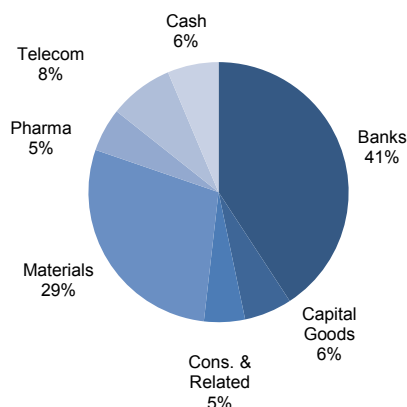
During December, the fund's NAV increased by 2.5%, in line with its benchmark. The main contribution to the fund's return came from its stock selection in the banking and energy sectors, while picks in the healthcare sector also contributed to the overall return. The fund's underperformance in the last few months has come from our conservative asset allocation and defensive stock positioning undertaken in order to preserve the gains made during the first half of the year rather than participating in a rally which is increasingly becoming momentum driven. Nevertheless, the fund managed to produce a return of 33.1% and comfortably outperformed its benchmark. Stock selection played a critical role in producing superior risk adjusted returns. Since its inception in Feb 2011, the fund has generated an annualised return of 13.6% compared to a 10.6% for the benchmark hence generating an annualized alpha of around 3%.

Moving forward, we believe that majority of the global economic hurdles and regional political tensions are behind us and should help sustain the market momentum. However, due to the recent sharp run up, valuation multiples have expanded and pockets of bubbles have started developing in small and midcap segments of the market. We, therefore expect volatility to increase in 2014 and hence believe that a prudent and disciplined investment strategy will play a key role in producing superior risk adjusted returns instead of simply riding the momentum wave as was the case in 2013.

Asset Allocation



Sector Allocation



Key Statistics

	Fund	Index
Price to Earnings Multiple TTM (x)	11.8	17.2
Price to Book Multiple Latest (x)	2.6	2.2
Return on Equity TTM (%)	18.9	12.5
Dividend Yield—2012 (%)	3.8	3.3
Number of Holdings	21	145
Annualized Return (%)	13.6	10.6
Annualized Standard Deviation (%)	12.1	14.7
Largest Monthly Gain (%)	7.6 (Mar 11)	10.5 (Mar 11)
Largest Monthly Loss (%)	-6.5 (Aug 11)	-7.7 (May 12)
% Positive Months (%)	63	63
Success Ratio (%)	60	NA
Maximum Drawdown-Peak to Trough (%)	11.6	12.2
Length of Drawdown (months)	4	3
Recovery from Maximum Drawdown (%)	53.4	42.8

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*
December 2013	2.5	2.5
YTD 2013 (Jan—Dec)	33.1	25.5
2012	8.7	6.0
2011 (Feb – Dec)	0.4	0.9
Last 3 Months	4.1	7.2
Last 6 Months	10.1	13.9
Last 1 Year	33.1	25.5
Last 3 Years	NA	NA
Last 5 Years	NA	NA
Since Inception (Feb 11— Dec 13)	45.2	34.2

*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	8.9
Al Rajhi Bank	Financials	8.4
Mobily	Telecom	7.8

Risk Statistics

Standard Deviation (%)	12.3
Sharpe Ratio	0.9
Tracking Error (%)	5.1
Information Ratio	0.6
Alpha (%)	4.9
Beta	0.8

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Investment Bank

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