

SICO Gulf Equity Fund

Fact Sheet - Feb 2018

NAV US\$ 107.50 ↓ 0.9%

Adjusted (for dividends) NAV US\$ 159.84

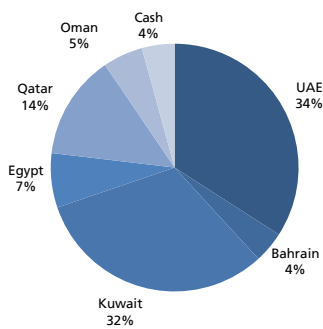
Manager's Commentary

After a strong month, profit taking was witnessed in February across most of the regional bourses. Qatar was the hardest hit and dropped 6% following two strong months, while Dubai's gradual descent continued with the DFM losing 4.5%. The other bourses were flat in February given no major development. Dubai is the worst performing bourse and is down close to 4% this year, significantly lagging its counterpart.

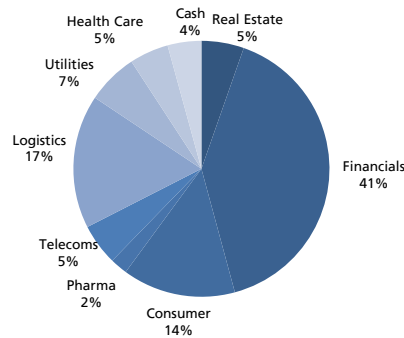
The fund declined by 0.9% in February and managed to outperform its benchmark. On a relative basis, the fund benefited from its underweight exposure to Qatar which was the worst performing bourse. At the same time, a rebound in the share price of one of our top holdings Aramex (+8%) post announcing exceptional fourth quarter earnings helped the fund.

The sluggish performance of the Dubai market is frustrating given that valuations are attractive. However, the real concern remains the underlying health of the UAE real estate sector coupled with lack of upcoming catalysts which in our opinion is preventing the market from rerating. During the month, we continued to build exposure to some Egyptian companies after meeting managements of several companies. We invested in a textile apparel company that caters to international brands dealing in sports wear. The company offers strong earnings growth potential and yet trades at cheap multiples which we believe would rerate in the medium to long term.

Country Allocation



Sector Allocation



Key Statistics

	Fund	Index
Price to Earnings Multiple TTM (x)	11.7	13.5
Price to Book Multiple Latest (x)	1.4	1.3
Return on Equity TTM (%)	11.6	10.0
Dividend Yield—2016 (%)	4.0	4.5
Number of Holdings	19	154
Annualized Return (%) - Last 5 years	7.7	5.7
Annualized Std Deviation (%) - Last 5 years	13.3	15.8
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	51
Success Ratio (%) - Last 5 years	57	NA
Latest Drawdown-Peak to Trough (%)	-20.3	-33.0
Duration of Drawdown (months)	(17mths) Aug 14 to Jan 16	(21mths) May 14 to Jan 16
Recovery from Latest Drawdown (%)	16.4 Feb 16 to Nov 17	25.9 Feb 16 to Nov 17

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*
Feb 2018	-0.9	-1.9
2018 (Jan - Feb)	2.3	2.4
2017	2.7	-0.1
2016	0.0	9.2
Last 3 Months	1.7	5.7
Last 6 Months	-2.9	-2.2
Last 9 Months	0.7	-0.9
Last 1 Year	1.5	-2.6
Last 3 Years	1.5	-6.6
Last 5 Years	37.2	26.6
Last 10 Years	13.9	-28.4
Since Inception (Mar 06– Feb 18)	59.8	-8.5

*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	(%)
National Bank of Kuwait	Kuwait	9.2
Humansoft	Kuwait	9.0
DP World	UAE	8.5

Risk Statistics (last 5 years)

Standard Deviation (%)	13.1
Sharpe Ratio	0.3
Tracking Error (%)	6.3
Information Ratio	0.3
Alpha (%)	2.1
Beta	0.8

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

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