

A Landmark Year Across Business Lines

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In the dynamic landscape of financial services, SICO stands as a robust institution, embodying a multifaceted approach to investment and wealth management in the region. Its commitment to excellence is reflected across various business lines, encompassing Asset Management, Brokerage, Investment Banking, Market Making, Securities Services, and Research. Throughout the past year, each division showcased resilience and adaptability, navigating challenges with a focus on delivering value to clients and stakeholders through strategic initiatives and the collective efforts that have contributed to the overall success of the group.

Asset Management

SICO Asset Management is a leading regional asset manager with a consistent track record of outperformance on its GCC and MENA strategies, including Shariah-compliant and open mandates. The team offers its clients access to a broad range of conventional and Shariah-compliant equities, fixed income, and money market securities, as well as real estate investment trusts (REITs) and private real estate funds with on-the-ground investment professionals in Bahrain and KSA. The team also manages various external funds on behalf of leading regional financial institutions.

In 2024, SICO's Asset Management navigated a challenging yet rewarding year, marked by volatile market conditions and strategic achievements across asset classes. The fixed income sector experienced increased investor interest but faced withdrawals from money markets in the second half of the year due to declining yields and

shifting rate-cut expectations. Meanwhile, GCC equity markets grappled with regional political instability and declining oil prices, leading to subdued performance and modest returns, with most markets posting flattish to negative returns except Dubai. Despite these hurdles, SICO demonstrated resilience and adaptability, achieving consistent outperformance across its fixed income and equity strategies, including conventional and Sharia-compliant funds.

AUM growth remained a key highlight, increasing from USD 6.3 billion to USD 7.4 billion by the end of 2024, a 23% year-on-year rise—spanning equities, fixed income, and real estate. Real estate played a pivotal role, with progress in KSA through new development projects and residential acquisitions. Additionally, SICO expanded its regional coverage to Morocco and Egypt, further establishing itself as a MENA-focused asset manager. The launch of innovative products, such as fractional bonds, the Saudi Domicile Kingdom Equity Fund, and groundwork for a potential regional quant fund, underscored SICO's commitment to diversification.

SICO, together with Oman National Investment Development Company "Tanmia," launched the "Tanmia Liquidity Fund" at the Muscat Stock Exchange (MSX), valued at USD 126 million. The fund aims to increase market depth and liquidity while achieving long-term capital growth, aligning with ongoing reforms in Oman's capital markets.

In December 2024, SICO launched the Dilmun Compounding Fund (DCF), the first Bahrain-domiciled



year-on-year growth in AUMs

international Islamic equity fund, with an initial size of USD 50 million. This fund enhances SICO's investment product range and underscores its commitment to innovative financial solutions and value-driven opportunities for investors. This fund represents a significant advancement for SICO, expanding its diverse range of investment products and reaffirming its resolute commitment to providing innovative financial solutions. The DCF not only enhances SICO's product offerings but also underscores its dedication to delivering distinguished and value-driven opportunities to investors.

Brokerage

Entering into its 26th consecutive year as Bahrain's number one broker and working toward its goal of becoming one of the top three brokers in the region, SICO Brokerage is backed by a highly experienced team of advisors, top-notch in-house research capabilities, and an online trading platform, SICO LIVE, with the latest technology for both regional and international equities and fixed income securities. Maintaining the lion's share of the market at 63%, SICO Brokerage remains



Increase in SICO LIVE order value

the undisputed leader on the BHB, providing access to equities, fixed income securities, and T-bills to a wide range of high-profile institutional and individual clients across the region. The division also offers margin trading facilities.

The firm showcased its dominance, executing over 90% of the major transactions in Bahrain and achieving a 60% increase in order value executed through its trading application, SICO LIVE. Despite geopolitical tensions, the GCC desk demonstrated resilience, recording a 4% growth in activity.

SICO's Brokerage team strengthened its market



Market share on Bahrain Bourse



30%

Increase in Eurodollar traded volumes

position by proactively aggregating client positions and providing tailored fixed-income recommendations, driving a 30% increase in Eurodollar traded volumes. Leveraging liquidity and volatility, the team delivered personalised solutions and introduced fractional bond and sukuk trading with a reduced minimum investment of USD 50,000, enhancing accessibility.

Investment Banking

SICO Investment Banking is a well-established market leader in Bahrain with an on-the-ground presence in KSA. The Investment Banking team's unparalleled expertise in the Bahraini market and ability to deliver a comprehensive suite of tailored financial services for both large corporates and mid-sized players have made SICO the trusted partner of choice for both private and public sector clients. Over the span of two decades, SICO has successfully executed complex deals and managed initial public offerings, secondary offerings, M&A deals, and advisory services across a wide spectrum of sectors, including construction, tourism, hospitality, food and beverage, real estate, telecoms, banking, insurance, consumer finance, and education. From arranging primary and secondary offerings to deal structuring, valuations, and corporate and family business advisory services, SICO Investment Banking offers in-depth insights, textbook execution, and a flexible platform that provides innovative and fit-for-purpose solutions.

As the mandated lead manager for AIAbraaj Restaurants Group's BD 9 million IPO, SICO played a pivotal role in structuring, underwriting, and managing the successful listing on the BHB. The IPO had a subscription rate of 2.6 times, reflecting investor confidence and robust demand.

SICO's innovative eIPO platform further enhanced this success, attracting 50% of the total applicants and showcasing the bank's commitment to leveraging technology to optimise client service delivery. This digital solution underpins SICO's focus on efficiency and precision in high-profile transactions.

SICO's influence extended regionally with its role as co-lead bank for Lulu Retail's landmark IPO on the ADX. The offering of 3.1 billion shares (30% of the company's share capital) with a total value of USD 1.72 billion, reinforced SICO's reputation as a trusted partner for facilitating large-scale transactions. Additionally, SICO demonstrated its regional reach and expertise by acting as joint lead manager and bookrunner for the Bank of Bahrain and Kuwait's USD 500 million benchmark bond issuance, which attracted an order book of approximately USD 1 billion. These successes highlight SICO's commitment to supporting capital market liquidity and providing funding opportunities for clients across the GCC.

Beyond IPOs and bond offerings, SICO solidified its position in mergers and acquisitions advisory with several strategic transactions. The firm advised Gulf Tamin Ltd on its acquisition of a 13.85% stake in Bahrain-listed Arab Insurance Group and is currently facilitating the potential merger between Bahrain Family Leisure Company and Dividend Gate Capital's hospitality arm, Truffle. Further showcasing its strategic agility, SICO completed a full acquisition of its subsidiary, SICO Funds Services, streamlining operations and delivering enhanced securities services. These accomplishments underscore SICO's

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unwavering dedication to creating value for clients while driving innovation and growth in Bahrain and beyond.

Market Making

With an eye on creating liquidity that builds the foundation for investor confidence, enhancing volumes, increasing valuations, and improving performance in the market, SICO has been a pioneer liquidity provider for a number of large-scale listed entities on the BHB. With a robust track record of almost 30 years of success, SICO's Market Making division actively participates in bid and ask sides, narrows down price spreads, and creates a market for selected stocks, post-IPO listings, cross listings, and mature listings.

In 2018, SICO became the first non-UAE based entity to be granted a license to operate as a market maker and liquidity provider in the UAE on both ADX and Dubai Financial Market (DFM). Despite the market challenges during the past few years, SICO was able to maintain its position as the leading liquidity provider on BHB.

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During the year, SICO successfully executed three new liquidity providing mandates, where it was appointed as the designated liquidity provider for two of Bahrain's leading financial institutions, GFH and NBB. Later in the year, the division was appointed as the post-IPO price stabilizer and liquidity provider for AIAbraaj Restaurants Group, an important role that will ensure the stability of the share price post-listing.

Securities Services

SICO is a well-established fund services provider that has been offering custody services to clients in Bahrain since 2004. Known for its client-centric approach and active utilization of technology, tools, processes, and delivery platforms, SICO is considered one of the GCC's most successful and highly regarded fund service providers.

SICO offers a full range of integrated securities and fund administration services in both its home country of Bahrain and in KSA. The comprehensive services on offer in both of these countries provide a holistic basket of solutions for asset managers, investment funds, and portfolios, covering multiple asset classes that give investment managers the ability to outsource their administrative overheads, enhance efficiencies, and focus on their core business.

SICO's tailor-made middle- and back-office services are specifically designed to meet the evolving needs of a diverse local and global client base of both emerging and established players across the region. In addition to pre- and post-trade execution solutions, new value-added services for asset managers, such as middle office and performance analytics for public and private funds covering all asset classes, have been introduced. These include unit holder dealing, investment manager factsheets, and bespoke front-to-office reporting.

Research

SICO Research is a pioneer of sell-side research in the GCC, with a team that delivers in-depth products and insights that are utilised by a broad spectrum of clients within the GCC region and beyond. The division's team

comprises of eight expert analysts, many of whom are CFA charter holders, all concerned with producing high-quality research that covers over 85 companies across 13 key regional sectors. Through its offerings, the division also provides clients with valuable and timely advice that assists in strategic decision-making processes.

During the year, the SICO Research team continued to deliver its objective research reports, company analyses, newsletters, and periodicals, through which the division's analysts conveyed their insightful observations, revisions, and prudent viewpoints. SICO Research's highly regarded Top-20 Portfolio, an equally weighted portfolio which comprises 20 diversified GCC stocks, continued its outperformance in 2024, with the fund returning 10.6%, implying an outperformance of its benchmark, the S&P GCC Index by 4.6%. Despite the overall market volatility, the notable portfolio achieved impressive outperformance. The strategy behind the portfolio is supported by robust fundamental research on each listed company. Simultaneously, it aims to address the necessity of judiciously diversifying stock ideas across sectors and countries within the GCC region.

SICO published its fourth annual investor return assessment survey, offering an inside look into the economic and return requirements of investors across the GCC. This year's survey, conducted in September, gathered insights from a diverse group of 209 respondents across the GCC investment ecosystem, including C-suite executives, fund managers,



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business owners, and institutional investors. Respondents provided feedback on their expected returns across asset classes, including listed equities, government bonds, real estate, private equity, and cash deposits, while also sharing their economic outlook and views on which asset class offers the best risk-adjusted returns over the next 12 months.



10.6%

Top-20 portfolio fund returns in 2024