



Fadhel Makhloq, Chief Capital Markets Officer.

SICO's Bahrain Liquidity Fund Ends 2018 with a Boost to Liquidity and Performance on the Bahrain Bourse

BD42.5 million Bahrain Liquidity Fund was established with the aim of improving the average daily trading volume of the Bahrain Bourse—since inception in 2016 the Fund has contributed to a sustainable increase in trading volumes.

SICO BSC (c), a leading regional asset manager, broker, market maker and investment bank (licensed as a conventional wholesale bank by the Central Bank of Bahrain “CBB”), announced today that the Bahrain Liquidity Fund (BLF), now in its third year, continues to make a major impact on the average daily traded volume (ADTV) of the Bahrain Bourse. The Bahrain Bourse ADTV has reached BD 1.1 million in 2018 increasing by 30% YoY.

BLF transactions in 2018 represented 22% of the total ADTV on the Bourse versus 39% in 2017.

Commenting on the track record and performance of the Fund, Fadhel Makhloq, SICO's Chief Capital Markets Officer, said, “the overall intent when we initially launched BLF in mid-2016 was for the Fund to capture a share of the liquidity pool that would encourage other market participants to actively trade their shares in the absence of market liquidity. We view this drop in BLF's market share as a natural progression for a liquidity fund that was intended to serve as a catalyst to generate more interest from various participants in addition to other investment factors. I'm very pleased to see that the Bahraini market is now encouraging investors and traders alike to participate more actively.”

In terms of returns, BLF has generated an annual return on capital of 6.44% representing a net asset value (NAV) of BD 42.5 million. This return includes cash dividends distributed to unitholders in the Fund.

“We are extremely proud of these results which are a reflection of SICO’s capabilities as a market maker, a concept that we pioneered two decades ago,” said Makhloq. “Since its launch in 2016 BLF has made a hugely positive impact on investor sentiment, market volumes, valuations and performance.”

“Looking ahead, in terms of fundamentals, the Bahraini market offers one of the highest yields in the GCC and in 2019 we also see triggers in many major listed companies on the index that will likely improve turnover even further. The recently-concluded, highly-successful IPO of APM Terminals and its subsequently strong listing indicates that investors (local and international) are confident to participate and trade actively in Bahraini market names,” added Makhloq.

About BLF

BLF was initiated and co-seed by SICO and a group of prominent Bahrain-based financial institutions: BBK, Bahrain Mumtalakat Holding Company, Osool and NBB. The Fund seeks to enhance liquidity on the Bahrain Bourse by reducing Bid Ask spreads and enhancing market depth. The fund also seeks to create absolute returns to investors around the level of market returns. In 2017, its first full year of operation, the Fund significantly exceeded expectations, managing to more than double the Bourse’s average daily traded volume in just one year to BD 626,745 from BHD 260,000.

SICO continues to maintain its position as the leading market maker on the Bahrain Bourse. In 2018 the Bank was also awarded new licenses to act as market maker on both UAE exchanges, the DFM and ADX.

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About SICO

SICO is a leading regional asset manager, broker, and investment bank, with more than USD 1.8 bn in assets under management (AUM). Today SICO operates under a wholesale banking licence from the Central Bank of Bahrain and also oversees two wholly owned subsidiaries: an Abu Dhabi-based brokerage firm, SICO Financial Brokerage and a specialised regional custody house, SICO Fund Services Company (SFS). Headquartered in the Kingdom of Bahrain with a growing regional and international presence, SICO has a well-established track record as a trusted regional bank offering a comprehensive suite of financial solutions, including asset management, brokerage, investment banking, and market making, backed by a robust and experienced research team that provides regional insight and analysis of more than 90 percent of the region's major equities. Since inception in 1995, SICO has consistently outperformed the market and developed a solid base of institutional clients. Going forward, the bank's continued growth will be guided by its commitments to strong corporate governance and developing trusting relationships with its clients. The bank will also continue to invest in its information technology capabilities and the human capital of its 100 exceptional employees.

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