

Khaleej Equity Fund

Fact Sheet - February 29, 2008

NAV US\$270.70 ↑ 6.9%

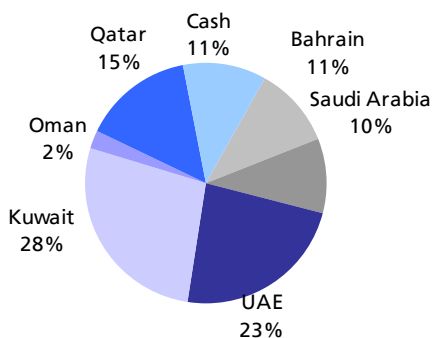
Manager's Commentary

After a mixed performance in January, all GCC markets recorded positive returns in February. Investors who were unnerved by the volatile ride in the global markets refocused on the favourable dynamics of the Gulf economy, strong corporate fundamentals and attractive valuations. Oman (13.0%) and Qatar (10.4%) led the gains followed by the Saudi market (6.4%).

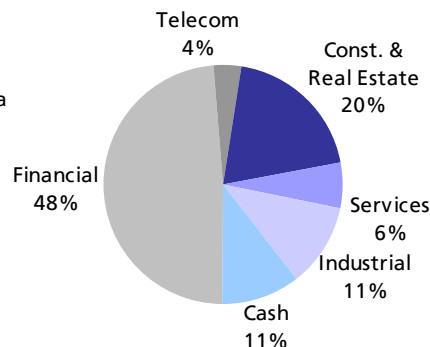
The NAV of Khaleej Equity Fund appreciated by 6.9% in February, ahead of the 6.1% increase in the MSCI GCC Index. Our fund derived its gains from our allocations in Kuwait and the UAE, where equities like Burgan Bank and Fujairah Cement appreciated by 16% each. Additionally, positive news flows from GFH's international projects contributed to a solid 22% increase in its stock price. These projects include development of a \$3.8bn energy hub in Libya and a \$3bn economic zone in Algeria. GFH has also announced the launch of the First Energy Bank with a paid up capital of \$750m. The bank aims to capitalize on the huge anticipated demand for investment in the global energy industry. Another positive contributor to our fund's performance was Qatar National Bank (QNBK) which appreciated by 15%. On the other hand, Emaar Properties, our top holding, gained only 4%. Share price performance was reigned in due to the withdrawal of the Indian subsidiary's IPO. However, we expect the stock to appreciate based on its healthy pipeline of projects and land bank value.

During the month, we slightly increased our allocations in Bahrain and Qatar by investing in stocks such as Bahrain Islamic Bank, Bahrain Maritime and Mercantile International (BMMI) and QNBK. We believe BMMI's \$26.5m expansion plans as well as plans to acquire a food supply company operating in North African markets offer upside potential to the stock price. We also continued to build our position in the UAE based mortgage lender, Tamweel, based on expected growth in housing finance. Further, we booked some profits by reducing our exposure in Industries Qatar and some Kuwaiti equities. In Oman, we exited Galfar as it had reached our target price. These transactions resulted in a net cash allocation of 11% which will be deployed as we vigilantly time our entry into selective stocks.

Country Allocation



Sector Allocation



Fund Statistics

Price Earnings Multiple 2007 (x)	13.3
Price to Book Multiple 2007 (x)	3.2
Dividend Yield 2007 (%)	3.7
Number of Holdings	34
Annualized Return (%)	29.0
Largest Monthly Gain (%)	14.8 (Mar 05)
Largest Monthly Loss (%)	-8.2 (May 06)
% of Positive Months	74
Maximum Drawdown- Peak to Trough (%)	21.8
Length of Drawdown (months)	10
Time to Recovery (months)	12

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.sico-bahrain.com

شركة الأوراق المالية والاستثمار ش.م.ب (م)
صوب: 1331، المنامة، مملكة البحرين
هاتف: +973 1751 5000 فاكس: +973 1751 4000
سجل تجاري رقم 33469



Investment Objective

The Fund seeks long-term capital appreciation by investing principally in equity securities listed on the stock markets of GCC countries.

Fund Returns (%)

	Fund	MSCI GCC Index
February 2008	6.9	6.1
Year to Date 2008	9.8	(3.0)
Last 3 months	20.0	10.7
Last 6 months	32.4	20.5
Last 12 months	53.9	36.7
2007	43.9	44.1
2006	(13.9)	(45.9)
2005	56.8	77.5
2004 (Apr - Dec)	27.0	41.1
Since Inception (Mar'04-Feb '08)	170.7	89.3

* Prior to 2005, a domestic GCC index was used

Fund Information

Launch Date	March 15, 2004
Management Fee	1.5%
Performance Fee	10% over 10% pa
Subscription & Redemption	Monthly
Subscription Deadline	Five Business days before month end
Redemption Deadline	Ten Business days before month end
Minimum Subscription	US\$100,000
Reuters Code	LP65038262
Bloomberg Code	KHALEQY BI
Zawya Code	SICOKEF.MF
Fund Listing	Bahrain Stock Exchange
Custodian	Gulf Clearing Company

Top Holdings

Name	Country	(%)
Emaar Properties	UAE	6.9
Kuwait Projects Company	Kuwait	5.1
Arabtec	UAE	5.0

Risk Statistics

Annualised Standard Deviation (%)	15.4
Sharpe Ratio	1.56
Information Ratio	0.65
Beta	0.46
Alpha (%)	18.2

For further information please contact:
marketing@sicobahrain.com

