

Khaleej Equity Fund

Fact Sheet - June 30, 2007

NAV US\$198.84 ↑ 0.8%

Manager's Commentary

The GCC markets posted diverse returns in June, with Kuwait (+5.6%) leading the group, followed by Bahrain (+4.3%). Both the UAE indices (the top gainers last month) lost ground to close in negative territory (-0.9% and -1.5% respectively). The Saudi index was the biggest loser, closing at its lowest point since January 2007 (-7.0%).

Khaleej Equity Fund rose 0.8% for the month. Our strategy of unearthing strong investment ideas has enabled the fund to beat the benchmark MSCI GCC Index which fell 2.6%. The main contributor to your fund's gains came from the Bahraini market which was championed by financials such as Gulf Finance House (16%), Ahli United Bank and Bahrain Islamic Bank (11% each).

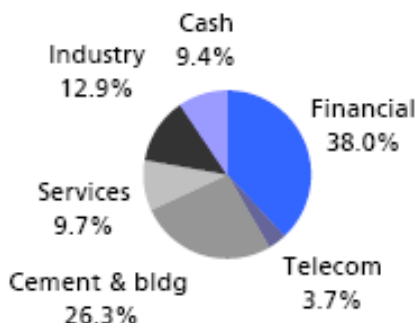
In Bahrain, GFH continued to rally ahead of their UK listing, while AUB rose on news it would be buying a 35% stake in Oman's Alliance Housing Bank, effectively giving AUB valuable access to the Omani market. In Kuwait, the fund gained from our exposure to Global Investment House (18%), which rallied strongly on news that the company acquired a license to operate in Saudi Arabia.

In Qatar, we built a position in Qatar Islamic Bank (QIB) as we feel the bank offers strong fundamentals at cheaper valuations compared to domestic and regional peers. With access to a growing depositor base, and one of the highest spreads in the region, it is no surprise that QIB's profitability ratios are also among the highest in the region.

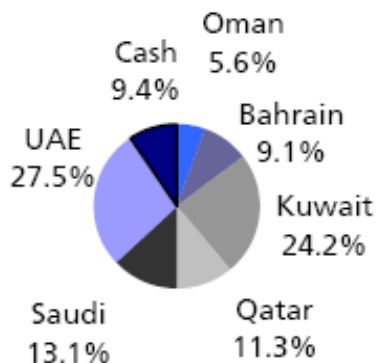
Fund Statistics

Price Earnings Multiple 2007 (x)	13.7
Dividend Yield 2006 (%)	3.9
Number of Holdings	39
Annualized Return (%)	23.6
Largest Monthly Gain (%)	14.7% (Mar 05)
Largest Monthly Loss (%)	-8.2% (May 06)
% of Positive Months	71.8
Annualized Standard Deviation (%)	16.1
Sharpe Ratio	1.16
Maximum Drawdown (%)	-21.8

Country Allocation



Sector Allocation



* For further information contact Marketing at: marketing@sicobahrain.com

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
June 2007	0.8	-2.6
Year to Date 2007	16.0	9.3
Last 3 months	11.5	8.8
Last 6 months	16.0	9.3
Last 12 months	20.7	-17.8
2006	-13.9	-45.9
2005	56.8	na*
2004 (April - Dec)	27.0	na*
Since Inception	98.8	na*

* Benchmark was launched in June 2005

Top Holdings

Name	Country	(%)
Emaar Properties	UAE	8.2
SABIC	Saudi Arabia	6.1
Gulf Finance House	Bahrain	5.1

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	<SIC0>
Bloomberg Code	KHALEQY BI
Fund Listing	Bahrain Stock Exchange
Custodian	Gulf Clearing Company

Management Team

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بنك استثماري **sico**
Investment Bank

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