

Khaleej Equity Fund

Fact Sheet - March 31, 2007

NAV US\$178.31 ↑ 1.3%

Manager's Commentary

The majority of the regional markets posted negative returns during the month led by Dubai (-10.7%), Abu Dhabi (-6.7%) and Saudi Arabia (-6.2%). Kuwait was the exception that appreciated by 4.8% owing to buying in selected blue chip companies.

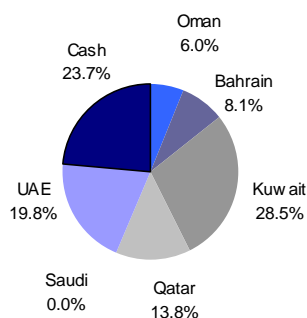
Despite a backdrop of subdued performances from the regional markets, the NAV of Khaleej Equity Fund increased by 1.3%. The fund benefited from our large exposure to the blue chip segment of the Kuwaiti market. Stocks such as Agility (+16.1%), United Gulf Bank (+15.3%) and MTC (+14.8%) were in the limelight and witnessed huge investor interest. At the same time, our decision to exit Saudi Arabia in the beginning of March paid off as the Saudi market remained highly volatile and ended the month on a negative tone (-6.2%). However, our large exposure to the UAE market hampered the fund's overall progress. Emaar Properties was the main victim and fell 14.0% due to uncertainty after announcing a land-for-share deal with Dubai Holdings that would result in equity dilution for existing shareholders.

During the month, we aggressively trimmed our exposure in both the Kuwaiti telcos, MTC and Wataniya Telecom, as we took advantage of the upsurge in the stock prices. Resultantly, the cash allocation of the fund has increased to 23.7%, which provides us the flexibility of deploying this cash in undervalued securities across the region.

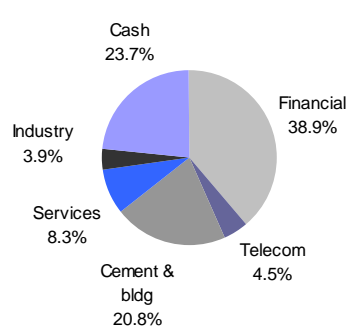
Fund Statistics

Price Earnings Multiple 2006 (x)	10.5
Dividend Yield 2006 (%)	4.6
Number of Holdings	34
Annualized Return (%)	20.6
Largest Monthly Gain (%)	14.7% (Mar 05)
Largest Monthly Loss (%)	-8.2% (May 06)
% of Positive Months	67.6
Annualized Standard Deviation (%)	16.3
Sharpe Ratio	0.96
Maximum Drawdown (%)	-21.8

Country Allocation



Sector Allocation



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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
March 2007	1.3	-0.9
Year to Date 2007	4.0	1.4
Last 3 months	4.0	1.4
Last 6 months	2.8	-16.7
Last 12 months	-2.7	-39.9
2006	-13.9	-45.9
2005	56.8	na*
2004 (April - Dec)	27.0	na*
Since Inception	78.3	na*

* Benchmark was launched in June 2005

Top Holdings

Name	Country	(%)
Emaar Properties	UAE	7.0
Burgan Bank	Kuwait	5.3
Agility	Kuwait	5.2

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

Management Team

Shakeel Sarwar
Naveed Ahmed, CFA
Serkan Altay
Faisal Jiwani
Khair Fakhro
Hasan Haider

Investment Bank **sico**