

Khaleej Equity Fund

Fact Sheet - January 31, 2009

NAV US\$155.34 ↓ 4.7%



Manager's Commentary

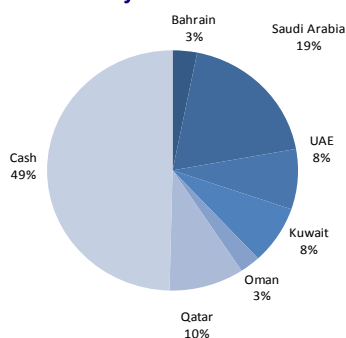
The regional bourses provided little respite to investors during the month as all GCC markets except Saudi Arabia posted negative returns. The Saudi market recorded its second consecutive positive monthly return and edged up 0.1% after increasing by 1.4% during December. Qatar, after appreciating by 13.4% in December, reversed its trend and declined by 23.7% during January. Meanwhile worries regarding the financial health and stability of the Kuwaiti banking system weighed on investor minds as the benchmark index fell by 13.1%. Oman lost 11.5% after the announcement of a delay in investment through the Stabilization Fund which the market widely anticipated to kick start in January. Rest of the GCC markets declined in the range of 5-7%.

The earnings results thus far, have shown a visible slowdown in corporate earnings growth during the fourth quarter. Results of the financial sector companies have been characterized by huge investment losses and investment related provisions, while, real estate companies have seen a considerable decline in sales. On the other hand, certain defensive stocks such as telecoms became increasingly vulnerable to FX losses due to international exposure even though operational growth was strong.

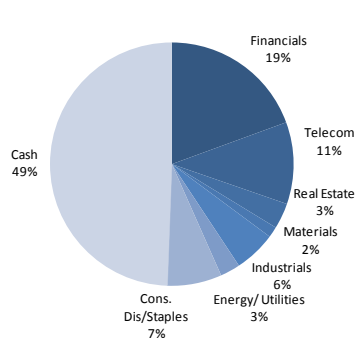
In such a backdrop, the NAV of Khaleej Equity Fund declined by 4.7% for the month as compared to an 8.5% decline in the MSCI GCC benchmark. During the month, we took advantage of the sharp decline in the Qatari market to build exposure to selected equities. The fund continues to hold about 50% in cash as we monitor the market performance and time our investments in fundamentally sound companies with solid business models.

The new fund management ratings assigned by Standard & Poors reflect the high quality of standards of our investment process, risk awareness and consistency of performance relative to our objectives. Rating of Khaleej Equity Fund was upgraded from "A" to "AA". Other funds that got rated for the first time, such as SICO Gulf Equity Fund was rated "AA" while SICO Arab Financial Fund and SICO Selected Securities Fund were rated "A".

Country Allocation



Sector Allocation



Fund Statistics

| | |
|--------------------------------------|----------------|
| Price Earnings Multiple 2008 (x) | 7.8 |
| Price to Book Multiple Latest (x) | 1.7 |
| Dividend Yield 2007 (%) | 6.1 |
| Number of Holdings | 33 |
| Annualized Return (%) | 9.5 |
| Largest Monthly Gain (%) | 14.8 (Mar 05) |
| Largest Monthly Loss (%) | -20.3 (Oct 08) |
| % of Positive Months | 64 |
| Maximum Drawdown- Peak to Trough (%) | 45.8 |
| Length of Drawdown (months) | 8 |
| Time to Recovery (months) | na |

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* |
|----------------------------------|-------|-----------------|
| January 2009 | -4.7 | -8.5 |
| YTD 2009 | -4.7 | -8.5 |
| Last 3 months | -12.1 | -27.0 |
| Last 6 months | -44.0 | -54.2 |
| Last 12 months | -38.7 | -56.7 |
| 2008 | -33.9 | -56.8 |
| 2007 | 43.9 | 44.1 |
| 2006 | -13.9 | -45.9 |
| 2005 | 56.8 | 77.5 |
| 2004 (Apr - Dec) | 27.0 | 41.1 |
| Since Inception (Apr 04- Jan 09) | 55.3 | -22.8 |

* Prior to July 2005, a domestic GCC index is used to compute benchmark

| | |
|---------------------------|-------------------------------------|
| Launch Date | March 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/ Administrator | HSBC Middle East, Bahrain |

Top Holdings

| Name | Country | (%) |
|-------------------|---------|-----|
| Qatar Telecom | Qatar | 4.7 |
| Al Rajhi Bank | Saudi | 2.7 |
| Qatar Electricity | Qatar | 2.7 |

Risk Statistics

| | |
|-----------------------------------|------|
| Annualised Standard Deviation (%) | 19.8 |
| Sharpe Ratio | 0.23 |
| Information Ratio | 0.88 |
| Beta | 0.56 |
| Alpha (%) | 10.3 |

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