

Khaleej Equity Fund

Fact Sheet - March 31, 2010

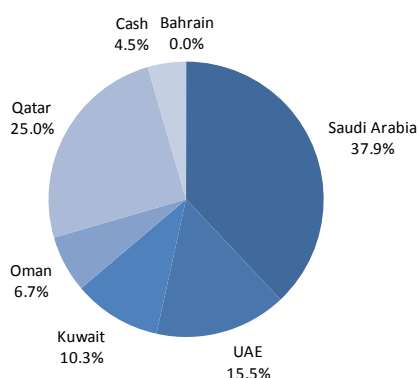
NAV US\$ 211.52 ↑ 7.5%

Manager's Commentary

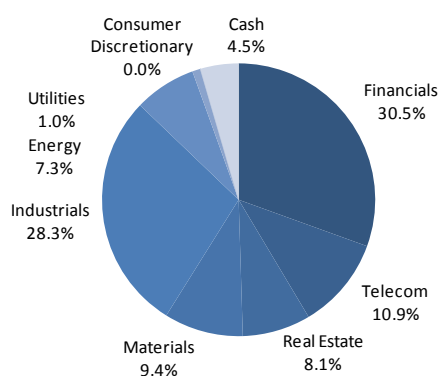
The Gulf bourses continued their positive momentum and posted gains during the month of March. Investor sentiment remained upbeat as oil prices remained over US\$80/barrel. In addition, an announcement regarding Dubai World's US\$9.5bn restructuring proposal provided further stimulus to the markets. Consequently, Dubai was the best performing bourse for the month (+15.7%) mainly owing to a sharp rally in Emaar Properties and other real estate companies. This positive sentiment spread to its counterpart Abu Dhabi which increased by 7.6% for the month. Qatar, after the consolidation during the previous months broke out and rose 8.6% as investors' primarily focused on the financial sector stocks which were trading at attractive multiples. Kuwait and Saudi Arabia were up in the range of 4-6%, while the smaller markets of Bahrain and Oman were up 1.9% and 0.1%, respectively.

Khaleej Equity Fund appreciated by 7.5% for the month compared to a gain of 8.1% for the benchmark. Our large allocation to Qatari based financials reaped benefit as their share prices were up in the range of 10-15%. In addition, our allocation to Abu Dhabi real estate companies along with equity selection within Saudi Arabia contributed to the overall fund's return. During the month, we rebalanced our positions in Saudi Arabia, taking profits in equities which reached our target values and building exposure to other stocks that we believe have higher upside potential. We also increased our exposure to equities in the UAE on the back of the improved sentiment. On an overall basis, our cash allocation in the fund slightly reduced to 4.5%. We believe that the onset of the first quarter results season would be crucial in determining whether momentum of these markets will continue or not.

Country Allocation



Sector Allocation



Fund Statistics

Price Earnings Multiple TTM (x)	16.2
Price to Book Multiple Latest (x)	2.1
Dividend Yield 2009 (%)	3.5
Number of Holdings	40
Annualized Return (%)	13.3
Largest Monthly Gain (%)	14.8 (Mar 05)
Largest Monthly Loss (%)	-20.3 (Oct 08)
% of Positive Months	63
Maximum Drawdown- Peak to Trough (%)	47.4
Length of Drawdown (months)	9
Recovery from recent trough (%)	41.4

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*
Mar 2010	7.5	8.1
YTD (Jan - Mar'10)	11.0	13.7
Last 3 months	11.0	13.7
Last 6 months	0.0	5.2
Last 1 year	34.4	53.8
Last 3 years	18.6	-8.3
Last 5 years	28.8	-31.6
2009	16.9	22.9
2008	-33.9	-55.8
2007	43.9	51.7
2006	-13.9	-43.9
2005	56.8	80.8
2004 (Mar - Dec)	27.0	43.3
Since Inception (Mar 04-Mar10)	111.5	36.1

*This refers to MSCI GCC USD Total Return Gross

Launch Date	March 2004
Management Fee	1.5%
Performance Fee	10% over 10% pa
Subscription & Redemption	Weekly
Subscription Deadline	Two Business days before Dealing Day
Redemption Deadline	Two Business days before Dealing Day
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	(%)
Industries Qatar	Qatar	6.1
Commercial Bank of Qatar	Qatar	5.0
National Industrialization Company	Saudi	4.2

Risk Statistics

Annualised Standard Deviation (%)	19.5
Sharpe Ratio	0.4
Information Ratio	0.5
Beta	0.6
Alpha (%)	8.1

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