

Khaleej Equity Fund

Fact Sheet - March, 2011

NAV US\$ 211.78 ↑ 6.9%

Manager's Commentary

The gulf bourses recovered strongly from their lows in March as investors put aside fears of political unrest impacting the GCC states. Saudi Arabia, Dubai and Qatar led the rally and appreciated by 24%, 14% and 13% respectively from their lows in the beginning of the month. Multi-billion dollar reforms and incentives announced by the Saudi Government along with measures taken to speed up the passage of the Saudi mortgage law aided in restoring investor confidence that resulted in the Saudi market appreciating by 10.5% in March. The Dubai bourse, which was significantly underperforming the rest of the region also attracted investor interest and was up 10% in March. Qatar, led by the banking sector stocks was up 6.6%, while Oman, Bahrain and Abu Dhabi were sideways. The Kuwaiti market bucked the overall positive sentiment of the region and declined by 3.2% for the month. The collapse of the Zain Etisalat deal resulted in selling pressure in all Kharafi related stocks.

In March, the fund appreciated by 6.9% compared to a 6.1% rise in the benchmark. Despite maintaining a relatively high allocation in cash due to the prevailing volatility, the fund was able to capitalize on the upside primarily due to superior stock selection in Saudi Arabia and Qatar.

Despite appreciating considerably in March, the regional markets are still marginally down for the year and continue to present good medium to long term opportunities. However, given that the first quarter earnings season is commencing, its outcome would be crucial in assessing the short term direction of the markets.

We are pleased to inform you that your fund was awarded the best "GCC Equity Fund" in the five year category by Lipper.

Investment Objective

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

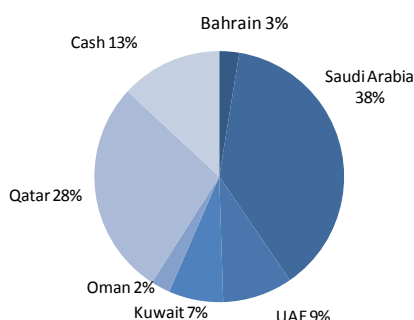
Fund Returns (%)

	Fund	S&P GCC Index
Mar 2011	6.9	6.1
YTD 2011 (Jan - Mar)	-2.6	-3.5
2010	14.1	12.8
2009	16.9	14.1
2008	-33.9	-55.3
2007	43.9	35.4
2006	-13.9	-40.2
2005	56.8	103.9
2004 (Mar - Dec)	27.0	43.3
Last 3 months	-2.6	-3.5
Last 6 months	4.7	1.3
Last 1 year	0.1	-1.6
Last 3 years	-19.0	-40.2
Last 5 years	15.6	-54.3
Since Inception (Mar 04-Mar11)	111.8	31.4

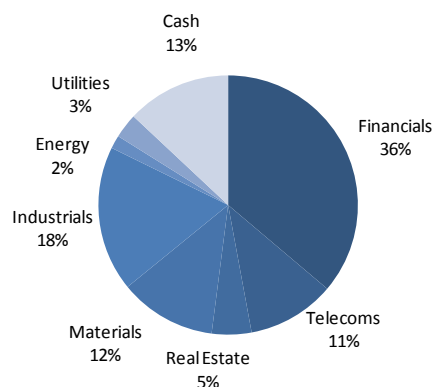
Fund Information

Launch Date	March 2004
Management Fee	1.5%
Performance Fee	10% over 10% pa
Subscription & Redemption	Weekly
Dealing Date	Thursday
Subscription & Redemption Deadline	Two Business Days before Dealing Day
Minimum Subscription	US\$100,000
Bloomberg Code	KHALEQY BI
Zawya Code	SICOKEF.MF
Fund ISIN Code	BH000A1CZ8W7
Custodian/ Administrator	HSBC Middle East, Bahrain

Country Allocation



Sector Allocation



Fund Statistics

Price Earnings Multiple TTM (x)	13.2
Price to Book Multiple Latest (x)	2.4
Dividend Yield 2010 (%)	4.8
Number of Holdings	31
Annualized Return (%)	11.3
Largest Monthly Gain (%)	14.8 (Mar 05)
Largest Monthly Loss (%)	-20.3 (Oct 08)
% of Positive Months	61
Maximum Drawdown- Peak to Trough (%)	47.4
Length of Drawdown (months)	9
Recovery from recent trough (%)	41.6

Top Holdings

Name	Country	(%)
Etihad Etisalat	Saudi	4.7
Saudi Arabia Basic Industries	Saudi	4.6
Al Rajhi Bank	Saudi	4.5

Risk Statistics

Annualised Standard Deviation (%)	19.4
Tracking Error (%)	14.1
Sharpe Ratio	0.4
Information Ratio	0.5
Beta	0.6
Alpha (%)	7.3

For further information contact: assetmanagement@sicobahrain.com