

SICO Gulf Equity Fund

Fact Sheet - August 2011

NAV US\$103.80 ↓ 1.9%

Manager's Commentary

Global markets experienced sharp declines during the first half of August. The market volatility was intensified by fears of a contagion of the Euro-zone debt crisis and S&P's downgrading of US debt rating. However, the markets managed to partially recoup their losses owing to Ben Bernanke's statement that the Fed is ready to act if the US economy deteriorates further. Gulf markets, which had underperformed international markets during the first half of 2011, have managed to contain their losses during the recent months. Saudi Arabia (-6.5%) was the worst performer in the GCC, followed by Kuwait (-3.2%). Qatar, Oman (where local pension funds' buying was witnessed) and Abu Dhabi declined by less than 1%. Bahrain and Dubai fell in the range of 1-3%.

The NAV of SICO Gulf Equity Fund declined by 1.9% for the month versus a 2.6% fall in the S&P GCC ex-Saudi Index. Since the beginning of the year, the fund has consistently outperformed the benchmark and is down 6.6%, while the index has fallen 13.3%. Once again, the fund's country allocation – overweight position in Qatar and underweight position in Kuwait - reflected favourably on its performance, with selected Qatari financial and industrial sector stocks making notable positive contributions.

As the European sovereign debt crisis continues to worsen, the risks to global financial markets are increasing. We believe that in the short run, equity markets will continue to be volatile. Hence we are repositioning our portfolios by investing in defensive and high dividend yielding stocks. However, barring a global recession, the fundamentals of GCC markets remain intact, underpinned by expansionary fiscal policies and healthy corporate earnings.

Investment Objective

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

Returns (%)

	Fund	S&P GCC Ex Saudi Index
Aug 2011	-1.9	-2.6
YTD 2011 (Jan – Aug)	-6.6	-13.3
2010	11.6	18.4
2009	12.9	-1.1
2008	-30.8	-53.4
2007	37.2	38.2
2006 (Mar – Dec)	-7.2	-20.2
Last 3 months	-4.9	-6.7
Last 6 months	-0.4	-6.3
Last 1 year	8.1	0.3
Last 3 years	-22.5	-49.9
Last 5 years	13.3	-38.5
Since Inception (Mar 06 – Aug 11)	3.8	-47.9

Fund Information

Launch Date	March 2006
Management Fee	1.5%
Performance Fee	10% over 10% pa
Subscription & Redemption	Weekly
Dealing Day	Wednesday
Subscription & Redemption Deadline	Two Business days before Dealing Day
Minimum Subscription	US\$100,000
Bloomberg Code	SICGULF BI
Zawya Code	SICOGEF.MF
Fund ISIN Code	BH000A1CZ855
Custodian/ Administrator	HSBC Bahrain

Top Holdings

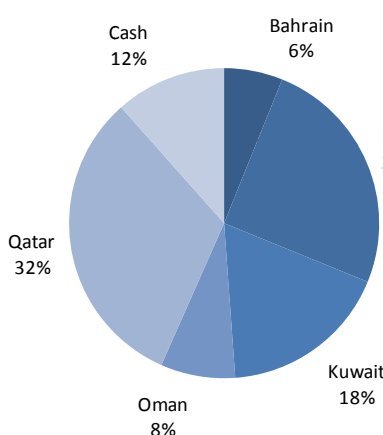
Name	Country	(%)
Qatar National Bank	Qatar	6.5
Industries Qatar	Qatar	5.5
Qatar Navigation	Qatar	5.3

Risk Statistics

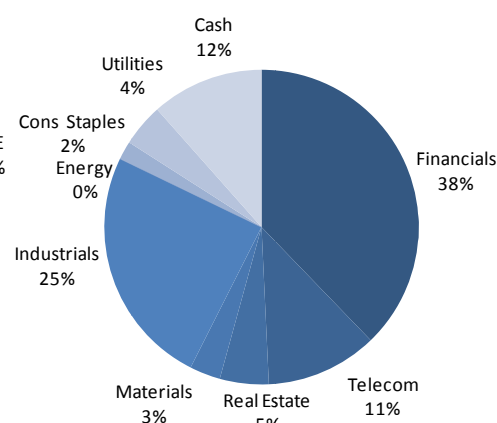
Annualised Standard Deviation (%)	19.6
Sharpe Ratio	NA
Tracking Error (%)	11.4
Information Ratio	1.0
Beta	0.7
Alpha (%)	7.4

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Country Allocation



Sector Allocation



Key Statistics

	Fund	Index
Price Earnings Multiple TTM (x)	12.3	12.5
Price to Book Multiple Latest (x)	1.7	1.4
Return on Equity TTM (%)	15.3	11.3
Dividend Yield - 2010 (%)	4.7	4.7
Number of Holdings	24	144
Annualized Return (%)	1.0	-10.9
Largest Monthly Gain (%)	12.6 (Apr 09)	15.4 (May-09)
Largest Monthly Loss (%)	-14.9 (Oct 08)	-24.4 (Oct-08)
% of Positive Months	54	48
Maximum Drawdown- Peak to Trough (%)	-47.8	-67.5
Length of Drawdown (months)	9	12
Recovery from recent trough (%)	33.5	36.9

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