

SICO Gulf Equity Fund

Fact Sheet - December 31, 2009

NAV US\$ 99.59 ↓ 8.4%

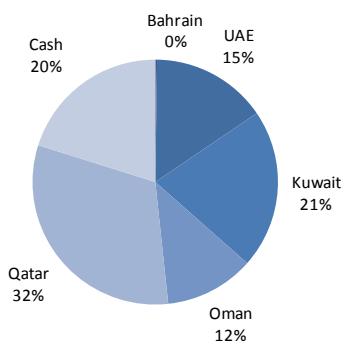
Manager's Commentary

The GCC markets went through a turbulent phase as investors reacted in panic to Dubai's debt crisis in December. However, the subsequent announcement by the Abu Dhabi government that it granted a \$10bn loan to Dubai brought about some stability. Despite this most of the regional markets closed the month on a negative note. Dubai, being the most affected market, lost 7% during the month. Saudi and Qatar lost between 3-4% whereas Oman remained flat. Bahrain and Kuwait, however managed to post marginal gains of approximately 1%. For the full year, the MSCI GCC Index appreciated by 18% with Saudi Arabia and Oman gaining 28% and 17% respectively. Abu Dhabi (+15%) and Dubai (+10%) also posted decent gains. Qatar (+1%) was a relative disappointment in 2009, with stock market performance appearing to be divorced from the country's strong underlying macroeconomic fundamentals. Kuwait and Bahrain lost 10% and 19% of their values during the year, respectively.

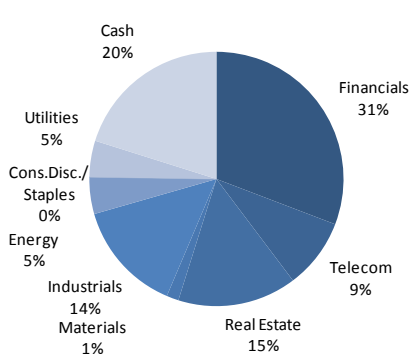
The NAV of SICO Gulf Equity fund declined by 8.4% during the month, compared to a decline of 1.7% in the benchmark (MSCI GCC Ex Saudi Index). The fund's underperformance was mainly due to the volatility in Dubai following the debt crisis. With the enforcement of our internal stop loss limits, we exited our holdings in the UAE. However, the subsequent intervention by Abu Dhabi resulted in a sharp recovery of the markets and caused the fund to underperform. On a Year-to-Date basis, the fund achieved a return of 12.9% whereas the benchmark remained flat. This substantial outperformance was mainly due to our call of avoiding Kuwaiti equities, which we perceived as fundamentally unattractive.

With the earnings season around the corner, we expect investors to be extremely vigilant in assessing the quality of the results reported. Sustainability and growth of earnings will be the main areas of differentiation among stocks. We also believe that the quarterly earnings will play a key role in determining the overall direction of the markets going forward.

Country Allocation



Sector Allocation



Fund Statistics

Price Earnings Multiple TTM (x)	10.3
Price to Book Multiple Latest (x)	1.6
Dividend Yield 2008 (%)	5.1
Number of Holdings	26
Annualized Return (%)	-0.1
Largest Monthly Gain (%)	12.6 (Apr 09)
Largest Monthly Loss (%)	-14.9 (Oct 08)
% of Positive Months	52
Maximum Drawdown- Peak to Trough (%)	-47.8
Length of Drawdown (months)	9
Recovery from recent trough (%)	25.7

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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.

Fund Returns (%)

	Fund	MSCI GCC Ex Saudi Index
Dec 2009	-8.4	-1.7
YTD 2009 (Jan- Dec)	12.9	0.0
Last 3 months	-14.1	-15.6
Last 6 months	-2.9	-5.5
Last 1 year	12.9	0.0
Last 3 years	7.3	-35.7
Last 5 years	n/a	n/a
2008	-30.8	-54.0
2007	37.2	39.7
2006 (Mar - Dec)	-7.2	-21.3
Since Inception (Mar 06 - Dec 09)	-0.4	-49.4

Fund Information

Launch Date	March, 2006
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	LP65038264
Zawya Code	SICOGF.MF
Fund Listing	Bahrain Stock Exchange
Custodian/ Administrator	HSBC Middle East, Bahrain
Auditors	Price Waterhouse Coopers

Top Holdings

Name	Country	(%)
Industries Qatar	Qatar	7.3
Omantel	Oman	4.9
Burgan Bank	Kuwait	4.8

Risk Statistics

Annualised Standard Deviation(%)	21.1
Sharpe Ratio	-0.1
Information Ratio	1.2
Beta	0.7
Alpha (%)	9.0

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