

SICO Gulf Equity Fund

Fact Sheet - December 31, 2010

NAV US\$111.13 ↑ 5.3%

Manager's Commentary

Four out of seven GCC markets ended the month of December 2010 in green, with most global bourses posting healthy returns. Qatari market's performance (+6.6%) was due to the optimism surrounding its successful bid to hold the 2022 FIFA World Cup. While Oman appreciated by 2.5%, Kuwait's market cap weighted index was up 3.8% despite continued political instability in the country, as Zain's share price touched its 2-year high. Dubai (-2.3%), Abu Dhabi (-0.4%) and Bahrain (-0.4%) ended the month in red. Qatar topped the list of GCC official indices returning 24.8% for the year, whereas Kuwait's market cap weighted index was up 25.5% for the year.

The NAV of SICO Gulf Equity Fund appreciated by 5.3% for the month as compared to a 4.4% increase in the benchmark. Fund's outperformance during the month was mainly attributable to its Qatari holdings, especially those in the financial sector. Steady upward movement of our investments in Qatar is also the primary reason behind 11.6% return of your fund during 2010. On the other hand, the benchmark was up 18.4% for the year. This difference is mainly due to our underweight position in Kuwait. While we maintain our negative stance on the Kuwaiti market, we would opportunistically invest in selected stocks. It must be noted that during the 4th quarter the fund outperformed the benchmark and hence narrowed the gap.

In December, we increased the fund's equity allocation which had a positive impact on its performance. With commodities prices set to be strong and regional capital spending gathering pace, we believe that outlook for GCC companies is positive for 2011, barring a major shock (regionally/globally). With fourth quarter's earnings season and dividend announcements approaching we have accordingly positioned the fund.

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.

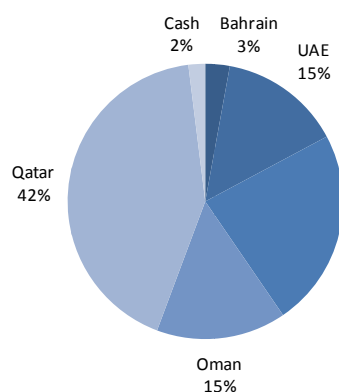
Fund Returns (%)

	Fund	S&P GCC Ex Saudi Index
Dec 2010	5.3	4.4
2010 (Jan - Dec)	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	8.6	6.8
Last 6 months	19.4	25.3
Last 1 year	11.6	18.4
Last 3 years	-12.7	-45.4
Last 5 years	n.a	n.a
Since Inception (Mar 06 - Dec 10)	11.1	-39.9

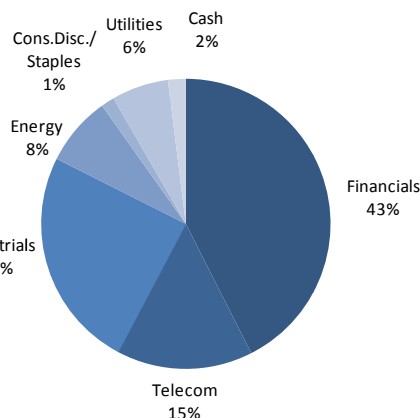
Fund Information

Launch Date	March 2006
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	LP65038264
Zawya Code	SICOGF.MF
Fund ISIN Code	BH000A1CZ855
Custodian/ Administrator	HSBC Middle East, Bahrain

Country Allocation



Sector Allocation



Fund Statistics

Price Earnings Multiple TTM (x)	12.5
Price to Book Multiple Latest (x)	2.1
Dividend Yield 2009 (%)	4.9
Number of Holdings	26
Annualized Return (%)	2.2
Largest Monthly Gain (%)	12.6 (Apr 09)
Largest Monthly Loss (%)	-14.9 (Oct 08)
% of Positive Months	57
Maximum Drawdown- Peak to Trough (%)	-47.8
Length of Drawdown (months)	9
Recovery from recent trough (%)	40.2

Top Holdings

Name	Country	(%)
Qatar Electricity and Water	Qatar	6.4
Mobile Telecommunications Co.	Kuwait	5.9
Industries Qatar	Qatar	5.4

Risk Statistics

Annualised Standard Deviation(%)	20.2
Sharpe Ratio	NA
Information Ratio	0.9
Beta	0.7
Alpha (%)	8.0

* For further information contact assetmanagement@sicobahrain.com

Securities & Investment Company BSC (c)
P.O. Box 1331, Manama, Kingdom of Bahrain
Tel: +973 1751 5000 Fax: +973 1751 4000
CR No: 33469
www.sicobahrain.com

شركة الأوراق المالية والاستثمار ش.م.ب (م)
ص.ب: 1331، المنامة، مملكة البحرين
هاتف: +973 1751 5000 فاكس: +973 1751 4000
سجل تجاري رقم 33469

بنك استثماري **sico**
Investment Bank