

SICO Gulf Equity Fund

Fact Sheet - July 31, 2010

NAV US\$95.25 ↑ 2.3%

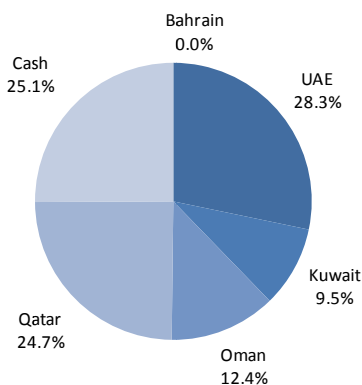
Manager's Commentary

After two consecutive months of declines, the regional markets witnessed some support with all bourses except Bahrain closing in positive territory. Kuwait was the best performing market; MSCI Kuwait index increased by 9.4% bringing its YTD gains to 16%. The share prices of index heavyweights increased sharply and contributed heavily to the benchmark returns. In addition, the share prices of Agility and its related companies also increased between 25%-50% during the month on rumours that the US court would dismiss allegations against the firm.

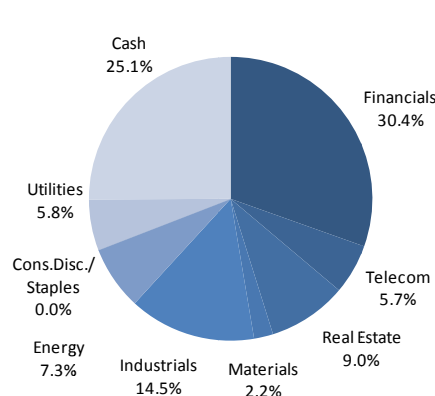
The NAV of SICO Gulf Equity Fund increased by 2.3% for the month versus 6.6% for the benchmark. We are aware of the fact that the fund has considerably underperformed the benchmark since the beginning of the year, the main reason being our heavy underweight position in Kuwait. We estimate that Kuwait alone contributed over 5% to the benchmark return of 6.6% for July. Similarly, the MSCI Kuwait index is up 16% since the beginning of the year and has contributed over 10% to the index's (MSCI GCC ex-Saudi total return index) YTD return of 7.2%. This means that excluding Kuwait, the remaining index constituents have posted negative returns of approximately 3%. We believe the rally in Kuwait is largely momentum driven and speculative in nature. We are confident that eventually we will be vindicated on our negative top down and bottom up view on Kuwaiti equities.

Note that despite short term underperformance, your fund continues to outperform the benchmark and peers quite strongly over the medium to long term. The fund has outperformed its benchmark by over 27% during the past 3 years and over 33% since its inception in March 2006. Notwithstanding, we are in the process of restructuring the portfolio so that the gap between the fund and the benchmark can be narrowed down over the next 6-12 months.

Country Allocation



Sector Allocation



Fund Statistics

Price Earnings Multiple TTM (x)	10.1
Price to Book Multiple Latest (x)	1.6
Dividend Yield 2009 (%)	3.8
Number of Holdings	25
Annualized Return (%)	-1.1
Largest Monthly Gain (%)	12.6 (Apr 09)
Largest Monthly Loss (%)	-14.9 (Oct 08)
% of Positive Months	53
Maximum Drawdown- Peak to Trough (%)	-47.8
Length of Drawdown (months)	9
Recovery from recent trough (%)	20.2

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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*
Jul 2010	2.3	6.6
YTD 2010 (Jan – Jul)	-4.4	7.2
2009	12.9	4.7
2008	-30.8	-52.7
2007	37.2	44.6
2006 (Mar – Dec)	-7.2	-19.6
Last 3 months	-11.4	-5.2
Last 6 months	-1.0	14.0
Last 1 year	-11.5	-0.9
Last 3 years	-13.7	-40.9
Last 5 years	n.a	n.a
Since Inception (Mar 06 – Jul 10)	-4.8	-38.3

*This refers to MSCI GCC Ex Saudi USD Total Return Gross

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 ISIN Code	BH000A1CZ855
Custodian/ Administrator	HSBC Middle East, Bahrain

Top Holdings

Name	Country	(%)
Qatar Electricity and Water	Qatar	5.8
National Bank of Kuwait	Kuwait	5.0
Air Arabia	UAE	4.4

Risk Statistics

Annualised Standard Deviation(%)	20.8
Sharpe Ratio	-0.3
Information Ratio	0.8
Beta	0.6
Alpha (%)	3.8

* For further information contact assetmanagement@sicobahrain.com