

SICO Gulf Equity Fund

Fact Sheet - July 31, 2007

NAV US\$110.34 ↑ 2.1%

Manager's Commentary

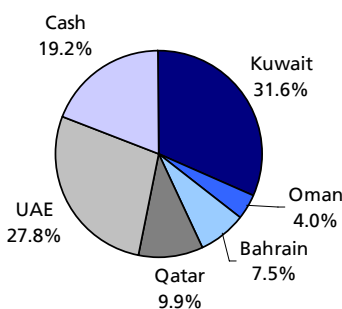
The GCC markets closed with a mixed flavour in July with the UAE markets falling in negative territory second time in a row, while other markets (Qatar 3.7%) and (Kuwait 3.4%) recorded positive gains. The Bahraini bourse yielded the highest return (+6.7%) while the Saudi bourse bounced back from -7% last month to +8.1% bolstered by strong performance of companies like Sabic. Overall the MSCI Index excluding Saudi remained flat (0.8%).

The NAV of SICO Gulf Equity Fund appreciated by 2.1% for the month, compared to the benchmark performance of 0.8%. This marks the fund's eighth consecutive month of positive returns. Agility bagged the most impressive returns (22.2%) and contributed significantly to the fund being one of the top holdings. The fund also gained from exposure to the financial sector through companies like AUB (+14.6%) and Arab Banking Corporation (+14.9%).

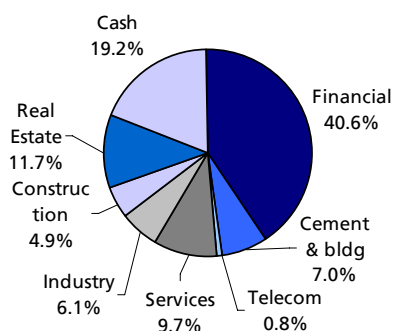
Our strategy was to strengthen our position in Agility in wake of promising growth prospects. The company has successfully secured multi-billion dollar projects with the US military. It is also part of a group with US firm Dyncorp International which won a deal to the tune of US\$50bn for ten years. Further, we fortified our position in the real estate sector given the attractive valuations of Emaar Properties. Emaar's land bank has increased in H1-07 by 2.6% to 480 mn sq mtr with India contributing a major portion. We believe the company's new strategy of focusing on adding greater value through land development and reducing land sales will yield strong results. As Emaar's subsidiaries gain critical mass, valuations are expected to remain attractive. The company has also planned an IPO for India in Q1-08.

During the month, we reduced our exposure in the cement sector after booking profits in Raysut Cement. We also trimmed exposure in the telecom sector due to exceedingly high valuations. Cash allocation was thus, increased to 19.2%.

Country Allocation



Sector Allocation



Fund Statistics

Price Earnings Multiple 2007 (x)	9.2
Dividend Yield 2006 (%)	3.8
Number of Holdings	30
Annualized Return (%)	7.2
Largest Monthly Gain (%)	7.4% (May 07)
Largest Monthly Loss (%)	-9.2% (Nov 06)
% of Positive Months	64.7
Maximum Drawdown- Peak to Trough (%)	-13.3%
Length of Drawdown (months)	5
Time to Recovery (months)	10

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 Ex Saudi Index
July 2007	2.1	0.8
Year to Date 2007	18.9	23.6
Last 3 months	11.5	16.3
Last 6 months	18.1	25.1
Last 12 months	27.3	25.9
2006 (Mar - Dec)	-7.2	-18.8
Since Inception	10.3	-0.4

Top Holdings

Name	Country	(%)
Emaar Properties	UAE	9.0
Agility	Kuwait	8.4
Industries Qatar	Qatar	6.1

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	<SICO>
Fund Listing	Bahrain Stock Exchange
Custodian	SICO Funds Services
Auditors	Price Waterhouse Cooper

Risk Statistics

Annualised Standard Deviation	14.8
Sharpe Ratio	0.15
Information Ratio	0.81
Beta	0.67
Alpha (%)	7.0

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بنك استثماري sico
Investment Bank

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