

SICO Gulf Equity Fund

Fact Sheet - June 30, 2010

NAV US\$93.09 ↓ 3.0%

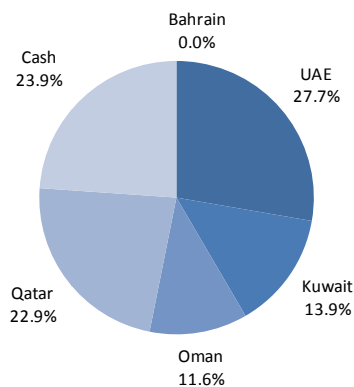
Manager's Commentary

After a short respite during the first half of the month, international capital markets once again experienced high volatility towards the end of June. Announcements by various European governments regarding their intention to curb deficit spending triggered declines in the markets worldwide. Furthermore, lower than expected US Jobs data aggravated the prevailing negative sentiment. Consequently, all GCC markets with the exception of Qatar posted negative returns for the month.

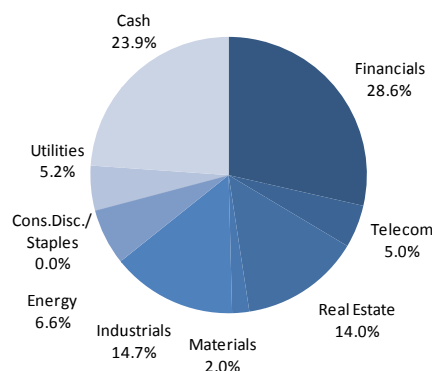
SICO Gulf Equity Fund's NAV declined by 3.0% for the month compared to a 1.4% drop in its benchmark. The benchmark primarily benefited from an extraordinary dividend payout by Zain, to which we do not have exposure to. Zain's dividend alone contributed over 2% to the monthly return of the index. On a year to date basis, the fund is under performing and is down 6.5%, versus a 0.5% increase in benchmark. The underperformance has mainly come due to our underweight position in Kuwait equities. Kuwait has been the best performing GCC market this year with over 50% weight in fund's benchmark. Within Kuwait, the main contributor has once again been Zain. The stock has appreciated 26.3% during the year, contributing over 5% to the benchmark's return. Despite this, we have a negative view on the stock and believe that this appreciation has come due to speculation rather than an improvement in its fundamentals. Zain is currently the most expensive regional telecom company and trades at over 50% premium over its peers such as Q Tel, STC, Etisalat and Batelco on almost all valuation measures.

As the regional markets have entered the summer season, volumes have significantly dried up. The upcoming second quarter earnings announcements would be critical in determining the market returns in the short term. On a medium to long term horizon, we believe the regional markets continue to offer good upside potential. We would continue to move away from the non-core / high beta stocks to companies that have good medium to long term prospects.

Country Allocation



Sector Allocation



Fund Statistics

Price Earnings Multiple TTM (x)	10.3
Price to Book Multiple Latest (x)	1.4
Dividend Yield 2009 (%)	3.3
Number of Holdings	26
Annualized Return (%)	-1.6
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 (%)	17.5

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

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*
June 2010	-3.0	-1.4
YTD 2010 (Jan - Jun)	-6.5	0.5
2009	12.9	4.7
2008	-30.8	-52.7
2007	37.2	44.6
2006 (Mar - Dec)	-7.2	-19.6
Since Inception (Mar 06 - Jun 10)	-6.9	-42.2
Last 3 months	-13.0	-11.3
Last 6 months	-6.5	0.5
Last 1 year	-9.3	-5.0
Last 3 years	-13.9	-43.4
Last 5 years	n.a	n.a

*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	SICOGEF.MF
Fund ISIN Code	BH000A1CZ855
Custodian/ Administrator	HSBC Middle East, Bahrain

Top Holdings

Name	Country	(%)
Qatar Electricity and Water	Qatar	5.2
National Bank of Kuwait	Kuwait	5.1
Air Arabia	UAE	4.6

Risk Statistics

Annualised Standard Deviation(%)	20.9
Sharpe Ratio	-0.3
Information Ratio	0.8
Beta	0.6
Alpha (%)	4.2

* For further information contact assetmanagement@sicobahrain.com