

SICO Gulf Equity Fund

Fact Sheet - May 31, 2010

NAV US\$95.93 ↓10.8%

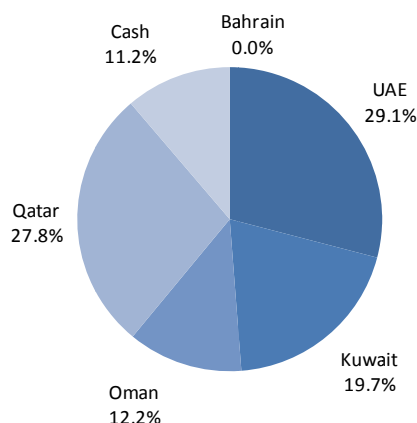
Manager's Commentary

Global markets exhibited high volatility during May as a combination of factors weighted on investors minds. Europe's sovereign debt concerns along with fears of a slowdown in the global economy resulted in a sharp decline in the markets. In addition, tightening measures by China along with the Korean debacle also added to investors' concerns. Consequently, the major world markets lost 10-15% of their market values. The GCC markets mirrored the global trend with Saudi Arabia being the worst performing market (-10.9% on the back of a sharp drop in oil prices). Qatar and Dubai also lost around 10%, while the rest of the markets lost between 6-9%.

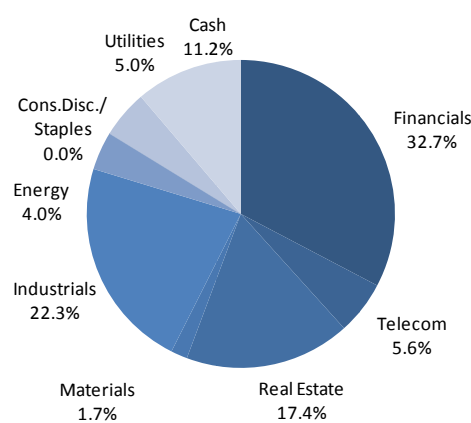
The NAV of SICO Gulf Equity Fund declined by 10.8% for the month as compared to a decline of 9.8% for the benchmark. The fund has underperformed the benchmark since the start of the year. We attribute this to our low exposure to the Kuwait market that has performed reasonably well this year and more specifically, having no / little exposure to Zain, which comprises of one-fifth of the benchmark. Zain has remained strong due to the proposed sale of its African assets and speculative shareholder base. Kindly note, that we reiterate our negative view on the Kuwaiti market as well as Zain. Now that Zain has sold most of its African operations, we are convinced that the stock would re-rate downwards to its fundamental value as Zain excluding most of its African assets offers very little growth prospects.

The sharp selloff in regional equities has been exaggerated in our view as the region's macroeconomic situation remains intact. The current market valuations along with strong corporate earnings growth should act as triggers for the gulf bourses.

Country Allocation



Sector Allocation



Fund Statistics

| | |
|--------------------------------------|----------------|
| Price Earnings Multiple TTM (x) | 9.8 |
| Price to Book Multiple Latest (x) | 1.4 |
| Dividend Yield 2009 (%) | 3.4 |
| Number of Holdings | 31 |
| Annualized Return (%) | -1.0 |
| 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 (%) | 21.1 |

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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* |
|-----------------------------------|-------|--------------------------|
| May 2010 | -10.8 | -9.8 |
| YTD 2010 (Jan – May) | -3.7 | 2.0 |
| 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 – May 10) | -4.1 | -41.2 |
| Last 3 months | -4.7 | -2.9 |
| Last 6 months | -11.8 | 0.2 |
| Last 1 year | -9.0 | -3.0 |
| Last 3 years | -9.7 | -42.0 |
| 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 | SICOGF.MF |
| Fund ISIN Code | BH000A1CZ855 |
| Custodian/ Administrator | HSBC Middle East, Bahrain |

Top Holdings

| Name | Country | (%) |
|-----------------------------|---------|-----|
| Industries Qatar | Qatar | 5.8 |
| Qatar Electricity and Water | Qatar | 5.0 |
| National Bank of Kuwait | Kuwait | 4.9 |

Risk Statistics

| | |
|----------------------------------|------|
| Annualised Standard Deviation(%) | 21.1 |
| Sharpe Ratio | -0.3 |
| Information Ratio | 0.8 |
| Beta | 0.6 |
| Alpha (%) | 4.8 |

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