

SICO Gulf Equity Fund

Fact Sheet - May 2011

NAV US\$109.15 ↓ 3.0%

Manager's Commentary

Gulf markets pulled back during the month of May, as investors resorted to profit taking amidst notable international and regional developments. Eurozone debt worries and fears of slowdown in the Chinese economy weighed on equities with the latter affecting crude oil prices in particular. While the Saudi market remained resilient (+0.4%), Kuwait's market cap weighted index fell 5.1%, pulled down by large caps such as Zain. Dubai and Abu Dhabi markets declined 4.5% and 2.1% respectively, giving back part of the gains made in March-April. Events involving FIFA and speculation on potential inclusion of Qatar's inclusion to MSCI Emerging Market indices governed the movements of its market, which ended the month in the red. Oman and Bahrain retreated by 4-5%.

Your fund's NAV decreased 3.0% during the month compared to a 4.2% decrease in the benchmark. Year to date, its NAV has declined by 1.8% versus a 7.1% decline in the benchmark. While the fund's relatively high cash allocation has helped to mitigate our losses during the month, superior stock selection continues to benefit its performance. Resilience of selected holdings in the mid-cap space and Qatari banking sector stocks reflected positively on the fund's returns, whilst our underweight position in Zain, which fell 13.3%, also helped the outperformance. Its share price weakness can be attributed to weaker than expected first quarter earnings and uncertainty related to the sale of its 25% stake in Zain KSA.

Prevailing uncertainty surrounding the geo-political situation in the MENA region and sustainability of global economic recovery could pave way for a subdued market performance in the short run. On the other hand, such weakness would provide a good entry point for stocks with strong fundamentals.

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.

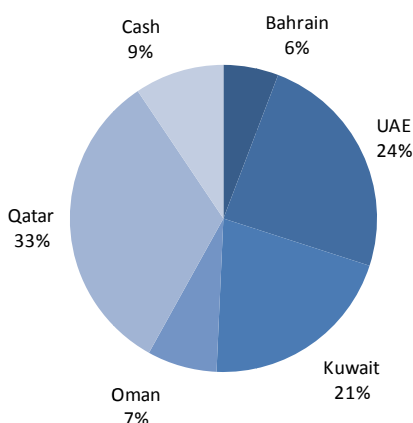
Fund Returns (%)

	Fund	S&P GCC Ex Saudi Index
May 2011	-3.0	-4.2
YTD 2011 (Jan - May)	-1.8	-7.1
2010	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	4.7	0.4
Last 6 months	3.4	-3.1
Last 1 year	13.8	12.5
Last 3 years	-28.2	-51.9
Last 5 years	21.6	-33.3
Since Inception (Mar 06 - May 11)	9.1	-44.2

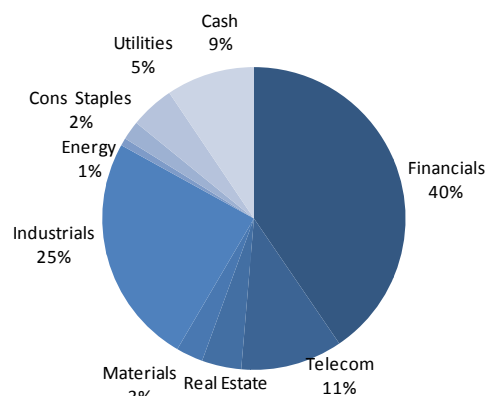
Fund Information

Launch Date	March 2006
Management Fee	1.5%
Performance Fee	10% over 10% pa
Subscription & Redemption	Weekly
Dealing Day	Wednesday
Subscription & Redemption Deadline	Two Business days before Dealing Day
Minimum Subscription	US\$100,000
Bloomberg Code	SICGULF BI
Zawya Code	SICOGEF.MF
Fund ISIN Code	BH000A1CZ855
Custodian/ Administrator	HSBC Bahrain

Country Allocation



Sector Allocation



Fund Statistics

	Fund	Index
Price Earnings Multiple TTM (x)	13.8	12.5
Price to Book Multiple Latest (x)	1.9	1.5
Dividend Yield 2010 (%)	4.2	4.5
Number of Holdings	26	143
Annualized Return (%)	1.7	-10.5
Largest Monthly Gain (%)	12.6 (Apr 09)	15.4 (May-09)
Largest Monthly Loss (%)	-14.9 (Oct 08)	-24.4 (Oct-08)
% of Positive Months	56	49
Maximum Drawdown- Peak to Trough (%)	-47.8	-67.5
Length of Drawdown (months)	9	12
Recovery from recent trough (%)	37.7	42.8

Top Holdings

Name	Country	(%)
Qatar National Bank	Qatar	6.0
Industries Qatar	Qatar	5.2
Drake and Scull	UAE	4.9

Risk Statistics

Annualised Standard Deviation (%)	19.8
Tracking Error (%)	11.4
Sharpe Ratio	NA
Information Ratio	1.1
Beta	0.7
Alpha (%)	7.9

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