

SICO Gulf Equity Fund

Fact Sheet - October 31, 2007

NAV US\$120.75  8.0%

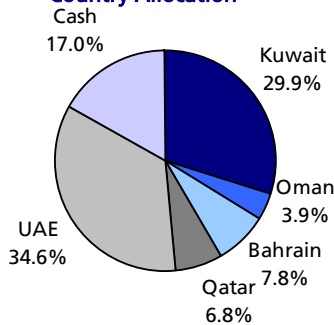
Manager's Commentary

All GCC markets closed on a cheerful note in October, except Kuwait. The twin UAE bourses proclaimed the highest gains led by strong foreign inflows that partially stemmed from a cut in US fed rates. Dubai clinched 24.7%, while Abu Dhabi appreciated by 20.1%. Amongst other GCC markets, Qatar and Oman advanced by 16.3% and 14.8% respectively. Further, Saudi (+10%) and Bahraini markets (+4%) also recorded positive gains. Overall a glut of strong third quarter earnings announcements triggered a bullish sentiment. Kuwait was the only market that faced a slight correction of 0.6%. The market was impacted by losses in Agility and market heavyweight Zain.

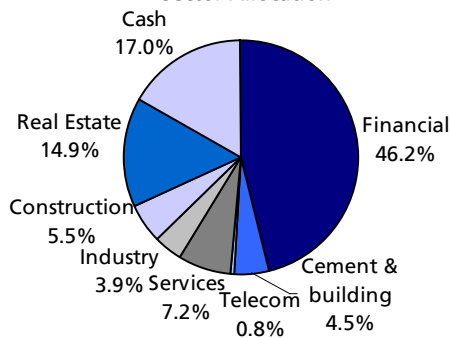
The NAV of SICO Gulf Equity Fund increased by 8.0%, marking the largest monthly gain since inception. In contrast, the MSCI GCC ex Saudi index went up by 7.0%. Our investments in the UAE and Qatari market made a significant contribution to the fund's performance. Arabtec, the construction giant, gained 31%. The company is the contractor of choice for a number of the leading property developers. Third-quarter net profit jumped fourfold to \$46.2m reflecting gains from the building boom in Dubai. Early in the month, international reviews testified the company's technical expertise from building iconic projects such as Burj Dubai, resulting in a surge in the share price. Another stock pick that gained significantly was Industries Qatar (+28%). The company recorded a 39% rise in third-quarter profit reaping gains from high international petrochemical and fertilizer prices. Emaar's stock also remained a key value holding, rising up by 21%. News of a deal with Bawadi for a \$16.34 bn project, involving the development of 70 million square feet in a prime location in Dubai, greatly favoured Emaar's stock price.

Our strategy was to concentrate on increasing exposure in RAK Properties and financial stocks like National Bank of Kuwait and National Bank of Abu Dhabi. We also initiated profit-taking in Arabtec. These transactions enabled our fund to outperform the benchmark and led to a total cash allocation of 17%. Last month we held 19% cash in preparation of the Galfar IPO subscription. The Galfar stock made a big debut in the Omani market in October by gaining 108%. Moving forward, we intend to maintain 10-15% cash allocation as we feel the markets have risen too fast and there maybe potential for some correction.

Country Allocation



Sector Allocation



Fund Statistics

Price Earnings Multiple 2007 (x)	11.8
Dividend Yield 2006 (%)	3.9
Number of Holdings	34
Annualized Return (%)	12.0
Largest Monthly Gain (%)	8.0 (Oct 07)
Largest Monthly Loss (%)	-9.2 (Nov 06)
% of Positive Months	65.0
Maximum Drawdown- Peak to Trough (%)	-13.3
Length of Drawdown (months)	6
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 GCC Ex Saudi Index
October 2007	8.0	7.0
Year to Date 2007	30.1	34.6
Last 3 months	9.4	8.9
Last 6 months	22.0	26.6
Last 12 months	22.2	24.6
2006 (Mar - Dec)	-7.2	-18.8
Since Inception	20.7	9.3

Top Holdings

Name	Country	(%)
Emaar Properties	UAE	9.6
Agility	Kuwait	5.9
Gulf Finance House	Bahrain	5.0

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 Coopers

Risk Statistics

Annualised Standard Deviation	14.6
Sharpe Ratio	n/a
Information Ratio	0.83
Beta	0.70
Alpha (%)	8.1

* For further information contact Marketing at: marketing@sicobahrain.com

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.sico-bahrain.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

بنك استثماري **sico**
Investment Bank

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