

SICO Gulf Equity Fund

Fact Sheet - September 30, 2010

NAV US\$102.37 **↑6.6%**

Manager's Commentary

With the end of Ramadan and summer, the regional markets rebounded strongly with all gulf bourses posting positive returns. The markets mirrored the performance of international markets that also increased on the back of an improvement in overall risk appetite. Dubai, having significantly underperformed since the start of the year, posted a strong recovery and gained 13.5% in September. Its counterpart, Abu Dhabi also witnessed buying interest and appreciated 7.0%. Qatar extended its positive run for the fourth consecutive month increasing 6.5%. The Kuwaiti market, after remaining subdued for most of the month, appreciated amidst Etisalat's preliminary offer to buy 46% of Zain. Oman and Bahrain were up 3.5% and 1.8%, respectively.

On the back of a strong resurgence in the markets, the NAV of SICO Gulf Equity Fund appreciated by 6.6% for the month compared to a 9.6% rise in the benchmark. During September, the fund capitalized on its large allocation to Qatar and the UAE as some holdings were amongst the top performers for the month. However, the continued uptrend in selected large cap Kuwaiti equities and Kharafi related stocks was a drag on the relative basis. Zain, the largest stock in the benchmark, extended its gain (+13.3%) on the back of the latest development. Etisalat's offer pushed the share price upwards along with Kharafi related companies (NINV +20%, Coast +17% etc). There are a number of uncertainties surrounding the deal and we believe our negative view on Zain would be vindicated over time.

Third quarter earnings season should test the resilience of regional markets as investors would assess whether the recent rally in the markets is justified. We would be rebalancing the portfolio by switching from stocks that have risen sharply to stocks that we believe have higher upside potential.

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
Sep 2010	6.6	9.6
YTD 2010 (Jan - Sep)	2.8	15.7
2009	12.9	0.0
2008	-30.8	-54.0
2007	37.2	39.7
2006 (Mar - Dec)	-7.2	-21.3
Last 3 months	10.0	20.7
Last 6 months	-4.3	3.6
Last 1 year	-11.7	-2.4
Last 3 years	-8.5	-42.0
Last 5 years	n.a	n.a
Since Inception (Mar 06 - Sep 10)	2.4	-41.5

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

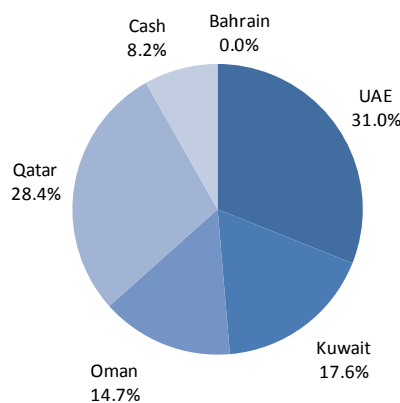
Name	Country	(%)
National Bank of Kuwait	Kuwait	5.8
Qatar Electricity and Water	Qatar	5.0
Commercial Bank of Qatar	Qatar	4.5

Risk Statistics

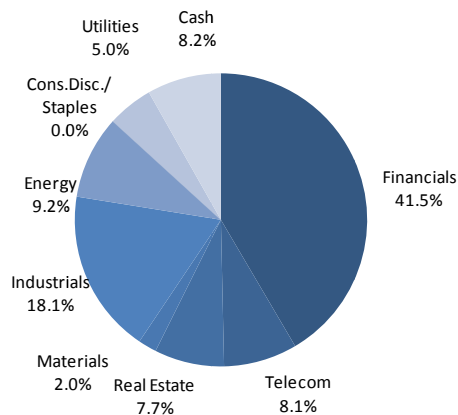
Annualised Standard Deviation (%)	20.6
Sharpe Ratio	-0.3
Information Ratio	0.9
Beta	0.7
Alpha (%)	6.0

* For further information contact assetmanagement@sicobahrain.com

Country Allocation



Sector Allocation



Fund Statistics

Price Earnings Multiple TTM (x)	12.6
Price to Book Multiple Latest (x)	1.7
Dividend Yield 2009 (%)	3.8
Number of Holdings	29
Annualized Return (%)	0.5
Largest Monthly Gain (%)	12.6 (Apr 09)
Largest Monthly Loss (%)	-14.9 (Oct 08)
% of Positive Months	55
Maximum Drawdown- Peak to Trough (%)	-47.8
Length of Drawdown (months)	9
Recovery from recent trough (%)	29.2

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