

SICO Gulf Equity Fund

Fact Sheet - September 30, 2007

NAV US\$111.84  2.9%

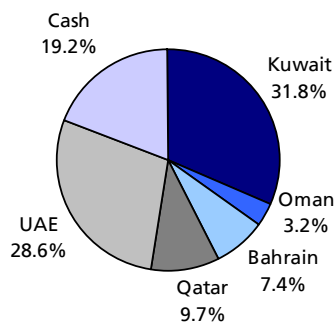
Manager's Commentary

All GCC markets ended the month of September with positive gains, save for Saudi Arabia (-4.8%) and Dubai (-0.5%). Qatar led the pack with a gain of 8.2%, reversing its downward swing from August, with Oman (5.1%) and Abu Dhabi (3.5%) following suit. Both markets benefited from a strong buying sentiment in the real estate, cement and banking sectors. Kuwait (1.3%) and Bahrain (0.6%) also finished off with modest gains.

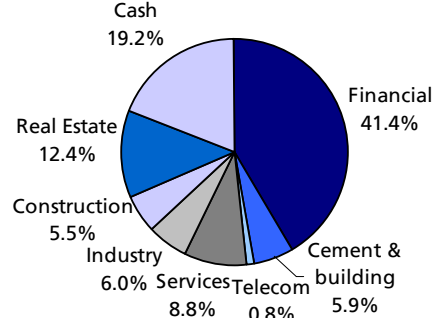
The NAV of SICO Gulf Equity Fund appreciated by 2.9%. In comparison, the benchmark performance was 1.9%. Our fund reaped gains from our stock allocations in Qatar, Abu Dhabi and Kuwait. Industries Qatar, one of our top holdings, contributed significantly with a solid return of +19%. The stock price surged after the company announced that its subsidiary, Qatar Fertilizer Company, is finalizing negotiations to sign a contract with Snamprogetti (Italy) to set up two ammonia plants. Abu Dhabi's Aldar Properties (+18%) also came under the spotlight with exciting news of a multi-billion dollar deal struck with Warner Bros for creation of a 6,000 acre theme park, hotel and multiplex cinemas in Abu Dhabi. Aldar will co-ordinate and oversee the physical construction of both the theme park and the hotel. Another announcement was its partnership with Ferrari to set up an Entertainment City in Abu Dhabi. Aldar has a host of other projects lined up including exclusive rights to develop a luxury business hotel and a beachfront resort, and a joint venture with United Development Company to form a real estate firm in the U.A.E. with a capital of \$54.9m.

Gains in the financial sector, particularly, from stocks such as Oman International Bank (+11%), Qatar Islamic Bank (+9%) and Global Investment House (+6%) further uplifted our fund's returns. Further, our strategy was to build a position in Galfar and National Industries. Galfar launched an OMR 10m IPO that was heavily oversubscribed. The company is one of the largest, multi-disciplined engineering, contracting and construction companies in Oman with a turnover of US\$700m and an impressive growth record in net profits. We also strengthened our position in the financial sector by investing in Abu Dhabi Islamic Bank and National Bank of Kuwait and booked some profits in the construction and cement industries, resulting in an overall cash allocation of 19.2%.

Country Allocation



Sector Allocation



Fund Statistics

Price Earnings Multiple 2007 (x)	9.6
Dividend Yield 2006 (%)	4.0
Number of Holdings	31
Annualized Return (%)	7.3
Largest Monthly Gain (%)	7.4
Largest Monthly Loss (%)	-9.2
% of Positive Months	63.2
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
September 2007	2.9	1.9
Year to Date 2007	20.5	25.8
Last 3 months	3.4	2.6
Last 6 months	16.0	22.6
Last 12 months	18.4	18.7
2006 (Mar - Dec)	-7.2	-18.8
Since Inception	11.8	2.1

Top Holdings

Name	Country	(%)
Emaar Properties	UAE	9.0
Agility	Kuwait	7.6
Industries Qatar	Qatar	6.0

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	13.8
Sharpe Ratio	n/a
Information Ratio	0.74
Beta	0.68
Alpha (%)	6.4

* 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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