

SICO Gulf Equity Fund

Fact Sheet - July 31, 2009

NAV US\$ 107.60 ↑ 4.9%

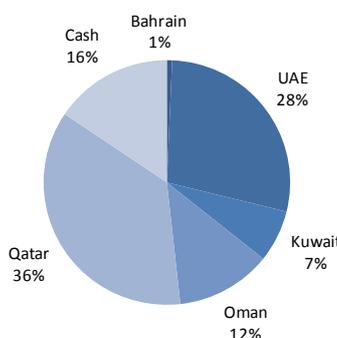
Manager's Commentary

The regional market indices that started contracting in mid June continued to decline until mid July. During this period, GCC markets lost about 14% in value while some stocks fell by 25-30%. A correction was expected given the strong run in the markets seen in the recent months. At the same time, it seems investors do not want to miss another rally and are willing to increase exposure upon seeing any positive momentum in oil prices and global equities. We believe these factors drove the recovery in the regional markets in the second half of July. However, mixed results were seen across the regional markets with gains of 2-4% in Qatar, Oman and Dubai and a decline of 5% each in Kuwait and Bahrain. Abu Dhabi was the best performing market (+6%) buoyed by the banking sector. Stocks such as National Bank of Abu Dhabi and First Gulf Bank advanced by about 20-40% with better than expected Q2 results acting as a key catalyst.

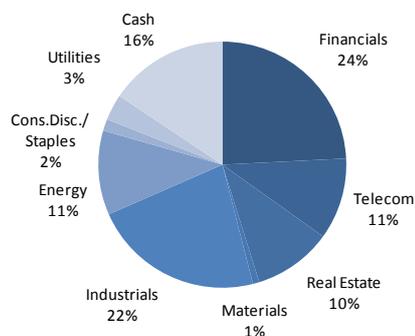
The NAV of SICO Gulf Equity Fund gained 4.9% in July compared to a 2.2% increase in the MSCI GCC ex Saudi index. Our monthly fund's performance can be attributed to our investments in the UAE and Qatari stocks. Over the last three months however, the benchmark benefitted from stocks such as Zain and Agility which rallied about 50-60%. Zain, being the index heavy weight, contributed nearly half (10%) of the index's return of 21%. We had a bearish view regarding Zain as a potential sale of its African assets did not make strategic sense and stock valuations were steep. Therefore, we booked profits and exited our position during the earlier part of the rally in the share price. Note that despite the absence of speculative stocks such as Zain, the fund is up 22.0% ytd vs. the benchmark which is up 8.2%.

Our fund strategy for the month was to reduce the cash allocation which we had built up in the previous month in anticipation of a correction. After reassessing our positions in light of the second quarter results, we invested in undervalued financial and industrial equities in Qatar, Oman and Kuwait. We believe that as trading activity remains subdued over the summer months, markets may trade in a narrow range.

Country Allocation



Sector Allocation



Fund Statistics

Price Earnings Multiple TTM (x)	9.8
Price to Book Multiple Latest (x)	2.7
Dividend Yield 2008 (%)	4.3
Number of Holdings	30
Annualized Return (%)	2.2
Largest Monthly Gain (%)	12.6 (Apr 09)
Largest Monthly Loss (%)	-14.9 (Oct 08)
% of Positive Months	54
Maximum Drawdown- Peak to Trough (%)	-47.8
Length of Drawdown (months)	9
Time to Recovery (months)	n/a

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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
July 2009	4.9	2.2
YTD 2009 (Jan-Jul)	22.0	8.2
Last 3 months	13.0	21.2
Last 6 months	31.2	31.6
Last 1 year	-28.0	-49.6
Last 3 years	24.2	-30.5
Last 5 years	n/a	n/a
2008	-30.8	-53.7
2007	37.2	35.4
2006 (Mar - Dec)	-7.2	-18.8
Since Inception (Mar 06 - Jul 09)	7.6	-44.8

Top Holdings

Name	Country	(%)
Industries Qatar	Qatar	6.1
Qatar Telecom	Qatar	4.7
Renaissance Services	Oman	4.6

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	SICOGEF.MF
Fund Listing	Bahrain Stock Exchange
Custodian/ Administrator	HSBC Middle East, Bahrain
Auditors	Price Waterhouse Coopers

Risk Statistics

Annualised Standard Deviation(%)	21.5
Sharpe Ratio	-0.1
Information Ratio	1.4
Beta	0.7
Alpha (%)	11.4

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