

SICO Gulf Equity Fund

Fact Sheet - May 31, 2009

NAV US\$ 105.45  10.7%

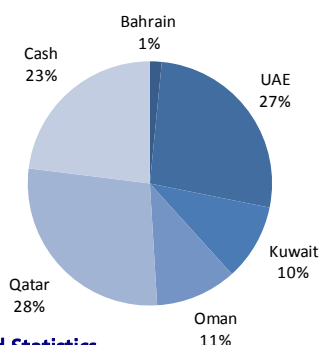
Manager's Commentary

Uninterrupted by a few minor blips, the GCC stock markets remained vibrant for a third consecutive month in May. Investor optimism was reinforced as crude oil prices touched a seven month high at nearly \$70/barrel and global equities continued to rally. On a regional front, the Qatari govt. announced it would spend \$4bn on acquiring real estate investments from nine local banks. This led to a solid gain of 25% in the DSM 20 Index. Interestingly, investors were also drawn towards the real estate and construction sector in Dubai resulting in a 17% increase in its market value. Other markets such as Abu Dhabi, Oman and Kuwait also rallied and gained 5-8% while Bahrain's performance was relatively muted.

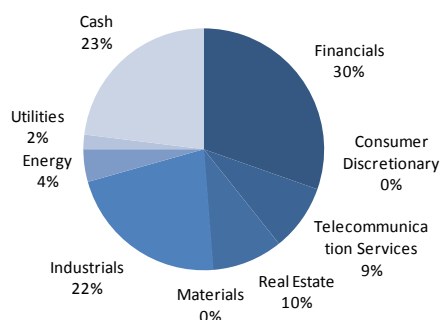
The NAV of SICO Gulf Equity Fund increased by 10.7% in May vs. the MSCI GCC ex Saudi index which gained 17.9%. Kuwait, the index heavyweight, contributed most of the gains. Stocks such as Zain, Agility and National Industries increased by about 30% while Global advanced by 57%. However, we believe that some of the stocks made speculative gains and are unsure of the outcome of Central Bank of Kuwait's discussions to create a fund or bad bank that would absorb toxic assets of investment companies. Our fund gained from its exposure to Qatar and the UAE. The fund's ytd return of 19.6% has significantly outperformed the index which is only up by 8.2%. This achievement is a result of our prudent investment approach in terms of asset allocation and stock picking.

In general, we feel the rise in oil prices is a positive indicator for the region and has gone a long way in healing investor sentiment. This has been reflected by the recent upswing in the markets. Although we initially suspected the market rally may be short lived, it did not prove to be the case. Therefore, we decided to increase our investment exposure and bring the cash allocation down from 56% to 23% in May. We invested in laggards, selective banks in Kuwait with well capitalized balance sheets and some UAE equities that have strong underlying demand and healthy cash flows. Going forward our view is still cautious as we continue to seek more durable signs of an economic rebound. We also feel that the GCC markets have rallied too strongly (30-40%) in the last three months and may lead to some consolidation of gains in the near term.

Country Allocation



Sector Allocation



Fund Statistics

Price Earnings Multiple 2008 (x)	11.2
Price to Book Multiple Latest (x)	1.6
Dividend Yield 2008 (%)	4.2
Number of Holdings	24
Annualized Return (%)	1.7
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
May 2009	10.7	17.9
YTD 2009 (Jan-May)	19.6	8.2
Last 3 months	33.1	43.0
Last 6 months	11.7	-8.1
Last 1 year	-30.6	-50.8
Last 3 years	17.5	-34.3
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 - May 09)	5.4	-44.8

Top Holdings

Name	Country	(%)
Commercial Bank of Qatar	Qatar	5.8
Bank Muscat	Qatar	5.3
Doha Bank	Qatar	4.8

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(%)	21.8
Sharpe Ratio	-0.2
Information Ratio	1.5
Beta	0.7
Alpha (%)	11.6

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