

Khaleej Equity Fund

Fact Sheet - June 30, 2008

NAV US\$281.81 ↓ 1.0%



Manager's Commentary

During June, the Gulf bourses entered a lacklustre period with all GCC markets except Kuwait (+2.9%) posting negative returns. Dubai was the worst performing market retreating by 4.1% albeit on thin volumes, while its counterpart, Abu Dhabi lost 1.7% of its value. Saudi Arabia fell 5.3% in May and declined further by 1.9% during June as buying interest failed to be restored. Oman slid 2.0% with selling witnessed across the board. Qatar (-0.2%) and Bahrain (-0.5%) remained directionless and traded in a narrow range.

The NAV of Khaleej Equity Fund declined by 1.0% during the month as compared to a 0.8% fall in the MSCI GCC index. On a YTD basis, the fund is up 14.3% versus a decline of 9.4% in the MSCI GCC index. During the month, we built a position in Abu Dhabi National Energy Company (TAQA) on the back of strong fundamentals and earnings growth potential. However, its share price underperformed due to the ambiguity surrounding their convertible bond, which we feel was unwarranted and should correct in the short to medium term. Moreover, our main holdings marginally declined during the month and restricted the overall fund's performance.

On the positive side, Qatar Islamic Bank (+14.0%) rallied on the back of investor confidence in its earnings growth potential as well as an overall buying sentiment in the Qatari banking sector. Other holdings such as Commercial Bank of Kuwait (+4.2%) and National Industries Group (+6.3%) also helped the fund.

With the onset of the second quarter results season, we expect the markets to re-gather momentum and gradually head upwards. Earnings growth of blue chip companies is expected to be strong and should provide the much needed catalyst. The fund is nearly fully invested and has positioned its investments to capitalize on the expected upsurge in the Gulf bourses.

Investment Objective

The Fund seeks long-term capital appreciation by investing principally in equity securities listed on the stock markets of GCC countries.

Fund Returns (%)

	Fund	MSCI GCC Index
June 2008	-1.0	-0.8
Year to Date 2008	14.3	-9.4
Last 3 months	7.7	4.2
Last 6 months	14.3	-9.4
Last 12 months	41.7	19.5
2007	43.9	44.1
2006	-13.9	-45.9
2005	56.8	77.5
2004 (Apr - Dec)	27.0	41.1
Since Inception (Mar'04-Jun '08)	181.8	76.8

* Prior to 2005, a domestic GCC index is used

Fund Information

Launch Date	March 2004
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	LP65038262
Bloomberg Code	KHALEQY BI
Zawya Code	SICOKEF.MF
Fund Listing	Bahrain Stock Exchange
Custodian/ Administrator	Gulf Clearing Company

Top Holdings

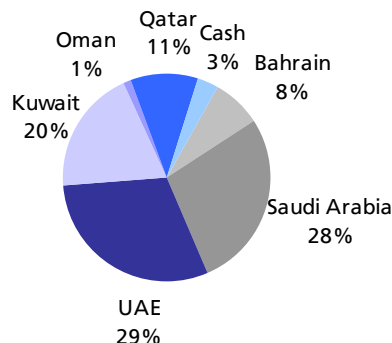
Name	Country	(%)
Emaar Properties	UAE	6.6
Agility	Kuwait	4.9
Arabtec	UAE	4.6

Risk Statistics

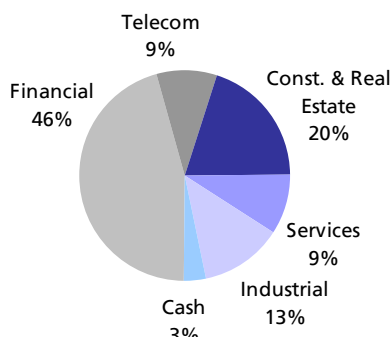
Annualised Standard Deviation (%)	15.3
Sharpe Ratio	1.48
Information Ratio	0.78
Beta	0.46
Alpha (%)	18.3

For further information contact: assetmanagement@sicobahrain.com

Country Allocation



Sector Allocation



Fund Statistics

Price Earnings Multiple 2008 (x)	12.4
Price to Book Multiple Latest (x)	3.5
Dividend Yield 2007 (%)	3.3
Number of Holdings	46
Annualized Return (%)	27.6
Largest Monthly Gain (%)	14.8 (Mar 05)
Largest Monthly Loss (%)	-8.2 (May 06)
% of Positive Months	73
Maximum Drawdown- Peak to Trough (%)	21.8
Length of Drawdown (months)	10
Time to Recovery (months)	12

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