

Khaleej Equity Fund

Fact Sheet - June 30, 2010

NAV US\$ 186.61 ↓ 2.6%

Manager's Commentary

During June, the GCC stock markets mirrored the performance of international equity markets which remained jittery on concerns of a global economic slowdown. Although GCC markets somewhat recovered during the first half of the month, the second half witnessed substantial declines. German and UK intentions to reduce their government deficits and debt raised fears of a slowdown in global recovery, which in turn triggered declines in global equity markets. Consequently, GCC markets also ended the month in red. Qatar was the only exception, where only a handful of companies contributed in the appreciation of the index.

Khaleej Equity Fund's NAV declined by 2.6% for June, as compared to a 1% decline in its benchmark. The benchmark primarily benefited from Zain's extraordinary interim dividend payout, and which we had no exposure to. Zain's dividend alone contributed over 1% to the index's return during the month. The fund has underperformed its benchmark during the first half of the year, and is down 2.1% year to date versus a 1.5% rise in its benchmark. The underperformance has emanated from our underweight position in Kuwaiti equities. According to the official market cap weighted index, Kuwait is up 3.0% for the year – the best performing market in the GCC so far this year, with the main contributor being Zain. The stock has appreciated by 26.3% during the year and has contributed over 2% to the benchmark's return. Regardless, we continue to hold a negative view on Zain and believe that the stock has appreciated mainly due to speculative reasons rather than any underlying fundamental strength.

Over the next couple of months, second quarter earnings numbers would be critical in determining the direction of the markets. Hence, we will continue to restructure our portfolio taking into account the updated earnings and switch to equities with good medium to long term prospects.

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*
Jun 2010	-2.6	-1.0
YTD 2010 (Jan – Jun)	-2.1	1.5
2009	16.9	22.9
2008	-33.9	-55.8
2007	43.9	51.7
2006	-13.9	-43.6
2005	56.8	80.8
2004 (Mar – Dec)	27.0	43.3
Since Inception (Mar 04–Jun10)	86.6	22.2
Last 3 months	-11.8	-10.7
Last 6 months	-2.1	1.5
Last 1 year	-0.5	6.8
Last 3 years	-6.2	-25.9
Last 5 years	-2.5	-44.4

*This refers to MSCI GCC USD Total Return Gross

Launch Date	March 2004
Management Fee	1.5%
Performance Fee	10% over 10% pa
Subscription & Redemption	Weekly
Subscription Deadline	Two Business days before Dealing Day
Redemption Deadline	Two Business days before Dealing Day
Minimum Subscription	US\$100,000
Reuters Code	LP65038262
Bloomberg Cod	KHALEQY BI
Zawya Code	SICOKEF.MF
Fund ISIN Code	BH000A1CZ8W7
Custodian/ Administrator	HSBC Middle East, Bahrain

Top Holdings

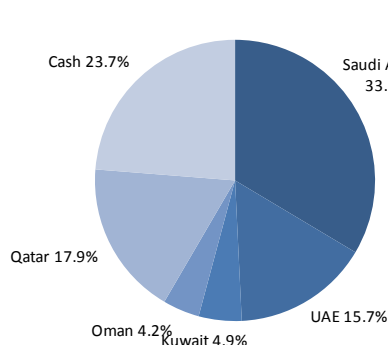
Name	Country	(%)
Saudi Basic Industries	Saudi	4.4
Industries Qatar	Qatar	3.6
National Bank of Kuwait	Kuwait	3.5

Risk Statistics

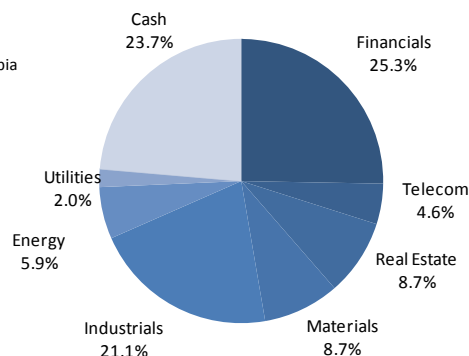
Annualised Standard Deviation (%)	19.8
Sharpe Ratio	0.3
Information Ratio	0.5
Beta	0.6
Alpha (%)	6.5

For further information contact: assetmanagement@sicobahrain.com

Country Allocation



Sector Allocation



Fund Statistics

Price Earnings Multiple TTM (x)	15.1
Price to Book Multiple Latest (x)	2.0
Dividend Yield 2009 (%)	2.5
Number of Holdings	34
Annualized Return (%)	10.5
Largest Monthly Gain (%)	14.8 (Mar 05)
Largest Monthly Loss (%)	-20.3 (Oct 08)
% of Positive Months	61
Maximum Drawdown- Peak to Trough (%)	47.4
Length of Drawdown (months)	9
Recovery from recent trough (%)	24.8

Securities & Investment Company BSC (c)
P.O. Box 1331, Manama, Kingdom of Bahrain
Tel: +973 1751 5000 Fax: +973 1751 4000
CR No: 33469

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