

Khaleej Equity Fund

Fact Sheet - October 31, 2009

NAV US\$ 206.88 ↓ 2.2%

Manager's Commentary

The GCC markets started on a positive note but profit taking during the later part of the month resulted in the markets closing on a weak note. Kuwait was the worst performing bourse shedding 6% of its value after investor concerns regarding the sale of Zain's stake heightened. Qatar, Oman and Abu Dhabi posted declines of 3-4% as majority of the stocks witnessed profit taking, while other GCC markets traded in a narrow range.

October was a highly anticipated period for the region as majority of the companies announced their third quarter results. Overall, the results showed sequential improvement especially within the telecom and real estate companies. In addition, certain UAE and Saudi banks posted decent numbers owing to lower than expected provisioning. Nevertheless, earnings numbers were insufficient to trigger buying as majority of investors took the opportunity to book profits.

The NAV of Khaleej Equity Fund declined by 2.2% as compared to a 2.7% drop in the benchmark. On a year to date basis, the fund is up 26.9% for the year versus a rise of 24.0% in the benchmark. Although we had minimal exposure to Kuwaiti equities, the declines in certain UAE and Qatari stocks hampered the progress of the fund. We took advantage of this weakness and invested in stocks we believe have exciting prospects such companies within the Saudi petrochemical sector. As of the month end, we have 10% in cash which we would further deploy if the markets continue to drift downwards. We remain optimistic on the region's medium to long term prospects and believe that this is an ideal time to enter the gulf markets especially for investors who have a long term horizon. Fourth quarters' earnings announcement, upcoming annual dividend season, along with the continued underperformance versus international markets may act as key catalysts.

Investment Objective

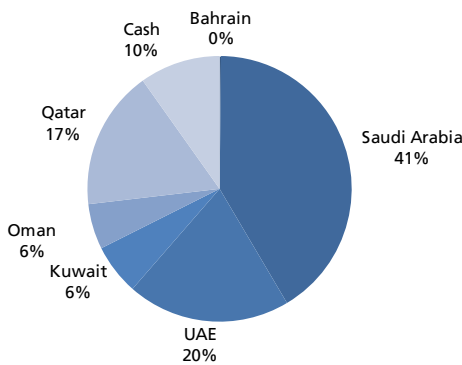
The Fund seeks long-term capital appreciation by investing principally in equity securities listed on the stock markets of GCC countries.

Fund Returns (%)

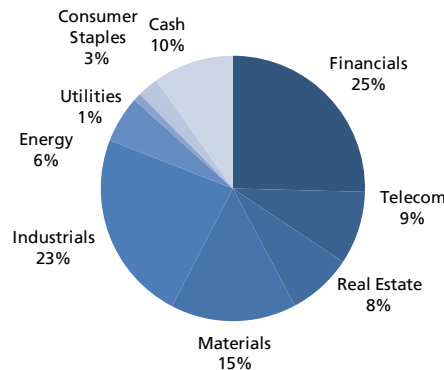
| | Fund | MSCI GCC Index |
|---------------------------------|-------|----------------|
| Oct 2009 | -2.2 | -2.7 |
| YTD 2009 (Jan - Oct '09) | 26.9 | 24.0 |
| Last 3 months | 6.1 | 6.4 |
| Last 6 months | 17.6 | 21.0 |
| Last 1 year | 17.1 | -1.7 |
| Last 3 years | 14.5 | -30.8 |
| Last 5 years | 71.5 | -13.1 |
| 2008 | -33.9 | -57.0 |
| 2007 | 43.9 | 46.6 |
| 2006 | -13.9 | -45.8 |
| 2005 | 56.8 | 80.8 |
| 2004 (Mar - Dec) | 27.0 | 43.3 |
| Since Inception (Mar 04- Oct09) | 106.9 | 9.7 |

| | |
|---------------------------|-------------------------------------|
| 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 | HSBC Middle East, Bahrain |

Country Allocation



Sector Allocation



Fund Statistics

| | |
|--------------------------------------|----------------|
| Price Earnings Multiple TTM (x) | 14.2 |
| Price to Book Multiple Latest (x) | 2.5 |
| Dividend Yield 2008 (%) | 5.4 |
| Number of Holdings | 41 |
| Annualized Return (%) | 13.9 |
| Largest Monthly Gain (%) | 14.8 (Mar 05) |
| Largest Monthly Loss (%) | -20.3 (Oct 08) |
| % of Positive Months | 64 |
| Maximum Drawdown- Peak to Trough (%) | 47.4 |
| Length of Drawdown (months) | 9 |
| Recovery from recent trough (%) | 38.3 |

Top Holdings

| Name | Country | (%) |
|--------------------|---------|-----|
| Industries Qatar | Qatar | 5.1 |
| Arabtec | UAE | 3.6 |
| Sorouh Real Estate | UAE | 3.2 |

Risk Statistics

| | |
|-----------------------------------|------|
| Annualised Standard Deviation (%) | 19.7 |
| Sharpe Ratio | 0.5 |
| Information Ratio | 0.7 |
| Beta | 0.6 |
| Alpha (%) | 10.8 |

For further information contact: assetmanagement@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

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