

Khaleej Equity Fund

Fact Sheet - February 28, 2010

NAV US\$ 196.70 ↑ 4.3%

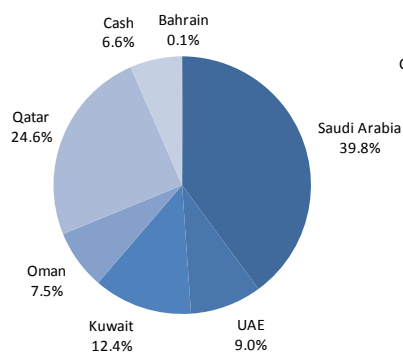
Manager's Commentary

All GCC markets posted positive returns for the month as investor sentiment improved. Kuwait was the best performing market and appreciated by 13.5% in February, as measured by the official market cap weighted index. The main contributor, Zain appreciated by 40% in February after Bharti Airtel announced that it had entered into exclusive discussions with the company to buy its African assets. Qatar, after declining 5.8% in January, rebounded and rose 4.8% on the back of buying across the board. Abu Dhabi (+2.7%) witnessed some support as investor interest was seen in selected stocks. Saudi Arabia, Oman and Bahrain continued their steady performance and posted returns of 2-3%. Dubai continued to lag the other GCC markets as uncertainties regarding Dubai World's restructuring plans resulted in investors remaining on the sidelines.

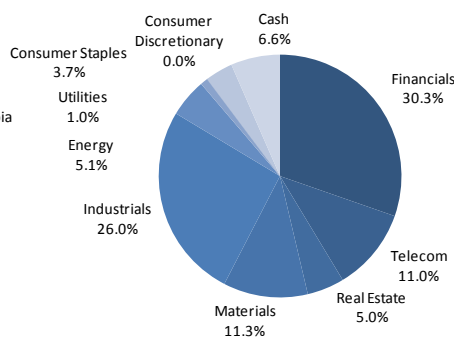
The NAV of Khaleej Equity Fund increased by 4.3% during the month as compared to a 6.2% rise in the benchmark. Although the fund benefited from its exposure to Saudi and Qatari holdings, the performance was restricted due to our underweight position in Kuwaiti equities. The sudden events in Zain triggered a broad based rally that resulted in the overall Kuwaiti market contributing around 4.5% of the total benchmark's return.

During the month, we continued to invest in equities that we believe have sound medium to long term prospects. Specifically, we increased our allocation to certain Saudi based infrastructure stocks as well as selected Kuwaiti holdings. Consequently, the fund's cash allocation reduced to 7% as compared to 20% in the previous month. Going forward, we believe that our exposure to fundamentally sound stocks will help us to outperform the benchmark in the medium to long term.

Country Allocation



Sector Allocation



Fund Statistics

Price Earnings Multiple TTM (x)	14.6
Price to Book Multiple Latest (x)	2.2
Dividend Yield 2008 (%)	4.6
Number of Holdings	41
Annualized Return (%)	12.1
Largest Monthly Gain (%)	14.8 (Mar 05)
Largest Monthly Loss (%)	-20.3 (Oct 08)
% of Positive Months	62
Maximum Drawdown- Peak to Trough (%)	47.4
Length of Drawdown (months)	9
Recovery from recent trough (%)	31.5

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*
Feb 2010	4.3	6.2
YTD (Jan – Feb '10)	3.2	5.2
Last 3 months	-2.7	3.0
Last 6 months	-0.9	3.3
Last 1 year	31.5	57.1
Last 3 years	11.8	-15.7
Last 5 years	37.5	-27.2
2009	16.9	22.9
2008	-33.9	-55.8
2007	43.9	51.7
2006	-13.9	-43.9
2005	56.8	80.8
2004 (Mar – Dec)	27.0	43.3
Since Inception (Mar 04–Feb10)	96.7	25.9

*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	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

Top Holdings

Name	Country	(%)
Industries Qatar	Qatar	6.2
Commercial Bank of Qatar	Qatar	4.6
National Industrialization Company	Saudi	4.2

Risk Statistics

Annualised Standard Deviation (%)	19.5
Sharpe Ratio	0.4
Information Ratio	0.5
Beta	0.6
Alpha (%)	7.7

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