

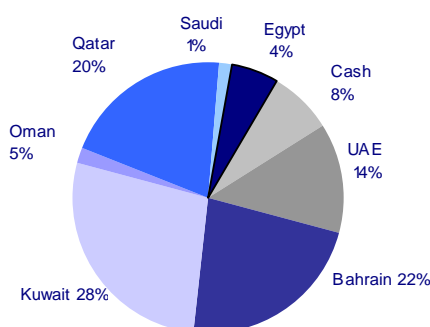
Manager's Commentary

GCC markets recovered from their relatively weak performance in January and ended on a positive note. The decrease in prices, despite strong fundamentals, presented investors with the opportunity to increase exposure in relatively undervalued stocks (particularly the financials). Rally in share price of financials and industrials helped Oman increase by 13%, Qatar by 10% and Saudi Arabia by 6%. While we are sceptical on the future upside potential for the Omani market, we maintain our bullish outlook for the financials in the rest of the GCC.

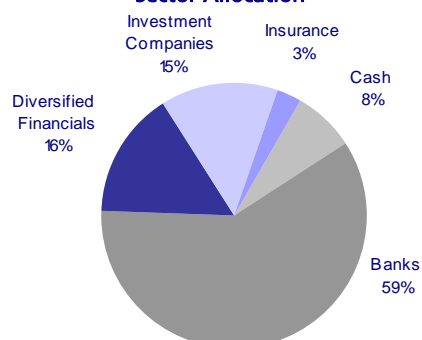
The NAV of SICO Arab Financial Fund (SAFF) was up by 6.9% in February. The fund benefitted from our increased exposure to Qatar Islamic Bank (QISB) and Qatar National Bank (QNBK) in January. Strong expected growth in earnings helped shares of QISB increase by 12% and QNBK by 15%. We also benefited from a significant exposure to Kuwait Projects Company (KIPCO) and Gulf Finance House which increased by 9% and 21% respectively. GFH's pipeline line of projects was bolstered by a USD 3.8bn contract in Libya to build an energy hub and a USD 3bn contract in Algeria to build an economic zone. We will continue to maintain our exposure in KIPCO. We believe KIPCO is undervalued if we consider the market value of its constituent investments in companies such as UGB, Borgan Bank and Gulf Insurance Company.

Inline with our strategy, we reduced our exposure to financials in the Omani market, and redirected these funds to Kuwait, Bahrain and Egypt. In Kuwait, we further increased our stake in KIPCO while in Bahrain, in the beginning of the month, we increased our exposure to Bank of Bahrain and Kuwait (BBK). We also took a position in National Societe General Bank (NSGB) in Egypt. We believe strong loan growth coupled with synergies from its merger with MIBank would help NSGB to record healthy increase in earnings. Our cash allocation remained at 8%.

Country Allocation



Sector Allocation



Fund Statistics

Price Earnings Multiple 2007 (x)	14.5
Dividend Yield 2007 (%)	3.9
Price to Book Multiple 2007 (x)	3.0
Number of Holdings	36
Annualized Return (%)	55.6
Largest Monthly Gain (%)	8.4 (Dec-07)
Largest Monthly Loss (%)	NA
% of Positive Months	100
Maximum Drawdown- Peak to Trough (%)	NA
Length of Drawdown (months)	NA
Time to Recovery (months)	NA

Investment Objective

The fund seeks long-term capital appreciation by investing primarily in financial sector equities listed in Kuwait, Oman, Qatar, Bahrain, the United Arab Emirates, Saudi Arabia, Egypt, Tunisia, Jordan, Morocco and Lebanon.

Fund Returns (%)	Fund
February 2008	6.9
Year to date	7.2
Last 3 months	16.3
Since inception (Aug'07-Feb 08)	29.4
2007 (Aug'07-Dec 07)	20.7

Fund Information

Launch Date	August 7, 2007
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	LP65077627
Zawya Code	SICOAFF.MF
Fund Listing	Bahrain Stock Exchange
Custodian	Gulf Clearing Company

Top Holdings

Name	Country	(%)
Gulf Finance house	Bahrain	6.1
Ithmaar Bank	Bahrain	5.9
KIPCO	Kuwait	5.6
Global Investment House	Kuwait	3.6

Risk Statistics

Annualised Standard Deviation	NA
Sharpe Ratio	NA
Information Ratio	NA
Beta	NA
Alpha (%)	NA

For further information please contact:
marketing@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
www.sico-bahrain.com

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