SICO Arab Financial Fund

Fact Sheet - January 31, 2008

NAV US$12.10 ↑ 0.3 %

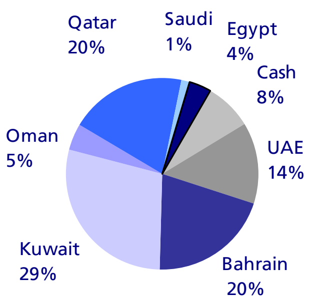
Manager's Commentary

GCC markets witnessed a mixed performance amid global market turbulence. Saudi Arabia and Dubai reflected the negative performance of international markets decreasing by 13.4% and 5.3% respectively. While the decline in part was due to international investors reducing their positions as a result of liquidity pressure, in Saudi Arabia, it was mainly due to domestic investors who resorted to panic selling. Kuwait emerged as the best performing market with a growth of 7.5%. This can be attributed to its low foreign investor penetration and cheap valuations. Lightly traded exchanges such as Oman (1.5%), Bahrain (1.7%) and Abu Dhabi (0.4%) were relatively unaffected by the world wide meltdown.

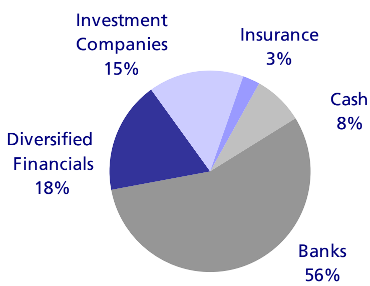
The NAV of SICO Arab Financial Fund (SAFF) was up by 0.3% in December. Our increased exposure to banks in the Kuwaiti market during the past three months, coupled with reduced exposure to Saudi Arabia, helped us mitigate the impact of the steep declines in Saudi Arabia and the UAE. Our Kuwaiti based investments such as Global Investment house (13%) and Bahraini based Gulf Finance House (16%) generated healthy returns. Global's share price reacted positively to the company's plans to raise additional capital. This would help improve Global's balance sheet structure and also enable it to pursue its expansion plans. Rally in Gulf Finance House's share price was driven by better than expected 2007 results. The biggest losers among the banks in Saudi Arabian market included Banque Saudi Fransi (-26%), Saudi Investment Bank (-21%) and Al-Rajhi Bank (-21%).

During the first half of the month, we booked profits in Banque Saudi Fransi, Saudi Investment Bank, and Al Jazira bank. We also increased our exposure in First Finance Company, Qatar Islamic Bank and Kuwait Projects Company (KIPCO). We anticipate First Finance Company and Qatar Islamic Bank to generate appreciable increase in profit on the back of strong loan growth. We also believe KIPCO and its subsidiaries are well positioned to record a strong performance during the year. Our cash allocations decreased from 23% to 8% at the end of the month. The market correction provided us the opportunity to invest in stocks that we believed were excessively punished despite strong fundamentals.

Country Allocation



Sector Allocation



Fund Statistics

Price Earnings Multiple 2007 (x)	13.5
Dividend Yield 2006 (%)	2.8
Number of Holdings	54
Annualized Return (%)	46.5
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
January 2008	0.3
Last 3 months	11.9
Since inception (Aug'07-Jan 08)	21.0
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	5.7
Ithmaar Bank	Bahrain	5.6
KIPCO	Kuwait	4.7
Qatar Islamic Bank	Qatar	4.1

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: ١٣٣١، المنامة، مملكة البحرين
هاتف: ٥٠٠٠ ١٧٥١ ٩٧٣+ فاكس: ٤٠٠٠ ١٧٥١ ٩٧٣+
سجل تجاري رقم ٣٣٤٦٩

بنك استثماري Investment Bank sico