

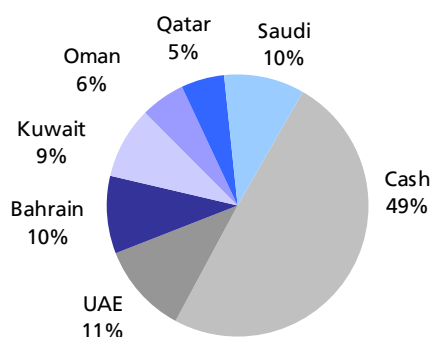
Manager's Commentary

All GCC markets closed on an upbeat note in September, except Saudi Arabia (-4.8%) and Dubai (-0.5%). Qatar and Oman were the highest gainers and posted returns of 8.2% and 5.1% respectively. Abu Dhabi (3.5%), Kuwait (1.3%) and Bahrain (0.6%) also recorded modest gains. In Qatar, Industries Qatar and Commercial Bank of Qatar were the pre-eminent contributors to the performance of the market, enabling it to reverse its negative closing in August. In Oman, index heavy weights such as Omantel and Bank Muscat, contributed to the positive performance of the market.

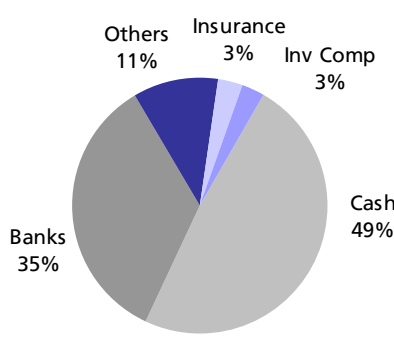
The NAV of SICO Arab Financial Fund (SAFF) was up by 1.1% during September. The S&P Financial Sector Index increased by 0.5% during the same period. As the fund is gradually emerging from its nascent stage, the performance in the month of September is reasonable. In fact, we have already begun to see a positive spin-off from the fund's prudent investments in Qatar and Oman. Commercial Bank of Qatar which is the second largest bank in Qatar, registered an impressive gain of 16%. The performance was driven by its acquisition of a 40 percent stake in the UAE's United Arab Bank. Qatar Islamic Bank (9.0%), the first Islamic Bank setup in Qatar, also enhanced the fund's performance on the back of an upgrade in rating in September.

During September, our strategy was to gradually build up positions for the fund thus increasing our equity allocation to 51% from 30% in the previous month. Moving forward, we will continue to focus on value and growth stocks that will yield long term above average returns for the investors.

Country Allocation



Sector Allocation



Fund Statistics

Price Earnings Multiple 2007 (x)	8.6
Dividend Yield 2006 (%)	2.8
Number of Holdings	40
Annualized Return (%)	5.8
Largest Monthly Gain (%)	1.1
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
September 2007	1.1
Year to Date 2007	1.4

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	<SICO>
Fund Listing	Bahrain Stock Exchange
Custodian	Gulf Clearing Company

Top Holdings

Name	Country	(%)
Gulf Finance House	Bahrain	2.1
Bank of Bahrain and Kuwait	Bahrain	2.0
Global	Kuwait	1.9
Bahrain Islamic Bank	Bahrain	1.7
First Gulf Bank	UAE	1.6

Risk Statistics

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

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