

**Manager's Commentary**

Regional Markets continued their upward momentum in April with the S&P Arabian index increasing by 1.9% for the month, mainly driven by Dubai, Abu Dhabi and Kuwait. Emirates NBD (+20%), National Bank of Abu Dhabi (+16%) and First Gulf Bank (+14%) contributed to the gains in the UAE while Kuwait benefited from increases in Zain (+6%) and Kuwait Projects Company (+18%). The Egyptian market declined by 8.4% in April bringing the year to date losses to 30%. The ongoing political turmoil continues to overshadow Egypt, with large cap financials such as EFG Hermes (-20%) and CIB (-16%) among the biggest casualties for the month. Oman and Saudi Arabia were up by 2-3% while Bahrain was down for the month (-1.4%).

In April, financials in the UAE and Kuwait were among the best performers in the region. We believe the attractive valuation multiples, coupled with improving sentiments in Dubai contributed to the gains in the UAE financials while Kuwaiti financials rallied in anticipation of earnings recovery due to lower loan loss provisions, with Kuwait Projects Company (+18%), Burgan Bank (+16%) and Gulf Bank (+12%) among the biggest gainers. We continue to have limited exposure to Kuwait due to their expensive valuation. Conventional financials in Qatar continued to trend down after the Central Bank of Qatar placed restrictions on retail lending. Markets were surprised by the haste in which these regulations were implemented with Doha Bank (-12%), Commercial bank of Qatar (-5%) and Al Khaliji Bank(-5%) among the biggest decliners in Qatar.

Your fund appreciated by 1.8% during the month compared to a 0.6% increase in S&P Pan Arab Financial Index and managed to record a healthy out performance despite its relatively large cash allocation due to our investments in the UAE and underweight position in Egypt. Year to date the fund is up by 0.8% while the index is down by 5.2%. Going forward, we intend to continue to trim our exposure to Egypt on strength while increasing our exposure in Saudi Arabia.

**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	S&P Pan Arab Financial
April 2011	1.8	0.6
YTD 2011 (Jan-April)	0.8	-5.2
2010	25.2	-9.2
2009	14.8	4.8
2008	-29.9	-50.2
2007 (Aug'07-Dec 07)	20.7	33.0
Last 3 months	1.8	3.1
Last 6 months	5.1	-2.7
Last 1 year	7.8	-3.9
Last 3 years	-10.1	-47.8
Since Inception (Aug 07- April 11)	22.5	-28.2

**Fund Information**

Launch Date	August 2007
Management Fee	1.5%
Performance Fee	10% over 10% pa
Subscription & Redemption	Weekly
Dealing day	Wednesday
Redemption/Subscription Deadline	Two Business days before dealing day
Minimum Subscription	US\$100,000
Bloomberg Code	SICARAF BI
Zawya Code	SICOAFF.MF
Fund ISIN Code	BH000A1CZ8Q9
Custodian/ Administration	HSBC Bahrain

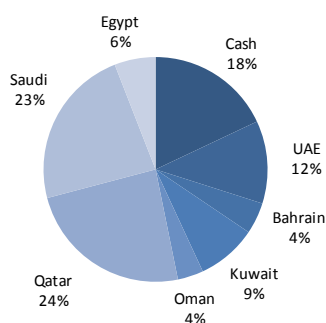
**Top Holdings**

Name	Country	(%)
Qatar National Bank	Qatar	4.9
First Gulf Bank	UAE	4.8
Qatar Islamic Bank	Qatar	4.7

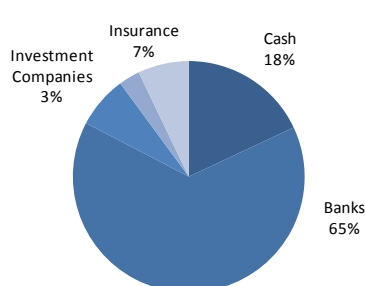
**Risk Statistics**

Annualised Standard Deviation %	19.5
Sharpe Ratio	0.1
Tracking Error	11.9
Information Ratio	1.3
Beta	0.7
Alpha (%)	11.4

**Country Allocation**



**Sector Allocation**



**Fund Statistics**

Price Earnings Multiple TTM	12.7
Price to Book Multiple (latest x)	1.7
Dividend Yield 2010 (%)	3.7
Number of Holdings	26
Annualized Return (%)	5.8
Largest Monthly Gain (%)	10.0 (Apr-08)
Largest Monthly Loss (%)	-16.4 (Oct-08)
% of Positive Months	60
Maximum Drawdown- Peak to Trough (%)	46
Length of Drawdown (months)	9
Recovery from recent trough (%)	62%

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.sicobahrain.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

For further information please contact:  
[assetmanagement@sicobahrain.com](mailto:assetmanagement@sicobahrain.com)