

Manager's Commentary

The GCC markets ended the month on a mixed note with four out of the seven ending the month in the green. Egypt was the best performing market rising by 6.5%, followed by Bahrain, Oman, Qatar and Saudi that increased in the range of 1-3%. On the other hand, Dubai and Abu Dhabi were down 5-6%, while Kuwait declined by 1.2%.

Egypt based financials continued to outperform its regional peers as share prices of the top three commercial banks (CIB, NSGB and Credit Agricole) increased in the range of 12-15%. Investors have been attracted to these banks due the good growth prospects particularly in the retail segment. Further, the quality of the loan book and provision coverage among the top commercial banks in Egypt remains healthy. Financials in Qatar and Oman also witnessed gains during the month. Masraf Al Rayan (+12%) and Qatar Insurance (+12%) were the best performers in Qatar while Ahli Bank (+16%) and National Bank of Oman (+11%) were the top performers in Oman. However, profit taking was seen in the Saudi banks after announcing first quarter results. As a result, share prices of Al Rajhi, Riyadh Bank and Bank Saudi Fransi were down 3-5% during the month.

The NAV of SICO Arab Financial Fund (SAFF) was up 3.2% for the month and up 17% for the year. On the other hand, S&P GCC Financial Index was down by 1.5% for the month and up 8.1% for the year. Your fund benefited from its exposure to financials in Egypt, Oman and Qatar. During the month, we took advantage of the rise in some financial sector stocks and trimmed our allocations. Consequently the cash balance increased from 6% to 13%.

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 GCC Financial
April 2010	3.2	-1.5
YTD 2010 (Jan - April)	17.0	8.1
Last 3 months	16.1	8.6
Last 6 months	7.5	0.2
Last 1 year	28.3	8.3
Last 3 years	n/a	n/a
Last 5 years	n/a	n/a
2009	14.8	3.4
2008	-29.9	-53.4
2007 (Aug'07-Dec 07)	20.7	31.5
Since Inception (Aug 07- April10)	13.6	-31.6

Fund Information

Launch Date	August 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/ Administration	HSBC Middle East

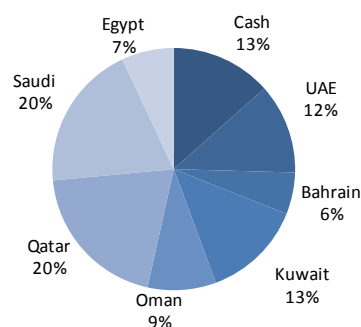
Top Holdings

Name	Country	(%)
Qatar National Bank	Qatar	4.9
Commercial Bank of Qatar	Qatar	4.5
National Bank of Kuwait	Kuwait	4.2

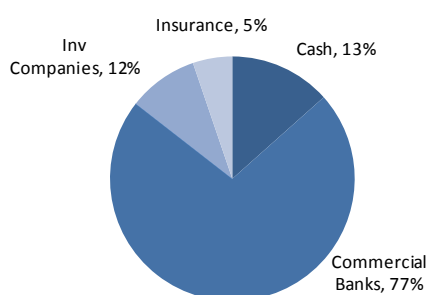
Risk Statistics

Annualised Standard Deviation %	21.1
Sharpe Ratio	na
Information Ratio	1.3
Beta	0.6
Alpha (%)	11.6

Country Allocation



Sector Allocation



Fund Statistics

Price Earnings Multiple TTM (x)	16.6
Price to Book Multiple(x)	1.8
Dividend Yield 2009 (%)	2.5
Number of Holdings	29
Annualized Return (%)	4.7
Largest Monthly Gain (%)	10.0(Apr-08)
Largest Monthly Loss (%)	-16.4(Oct-08)
% of Positive Months	58
Maximum Drawdown- Peak to Trough (%)	46
Length of Drawdown (months)	9
Recovery from recent trough (%)	41

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