

SICO Arab Financial Fund

Fact Sheet - December 2011

NAV US\$11.43 ↑1.7%

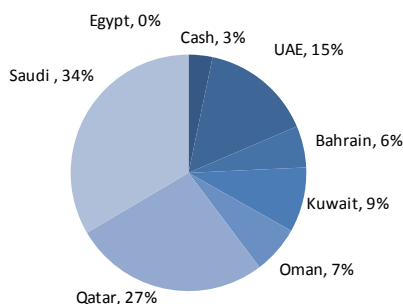
Manager's Commentary

Regional markets rebounded in December with the S&P Pan Arab index increasing by 1.9%, the gains were led by Saudi Arabia (+5.1%) and Oman (+5.1%). The Saudi government stated an increase to its 2012 budget by 20% which spurred the market. Increases in spending were primarily directed to transportation, education and health sectors. Infrastructure and construction related companies in Saudi bounced in anticipation of this news. Gains in Oman were attributable to Bank Muscat (+11%) and Omantel (+7%), which benefited from local institutional interest. Egypt was the worst performing market for the month declining by 10%. The Qatari market was up by 2% while rest of the markets were down by 1.0%-2%.

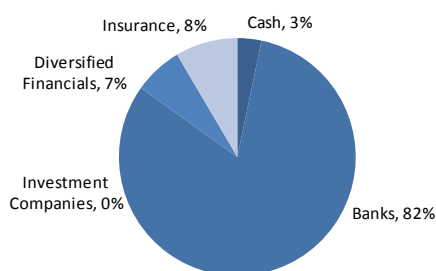
Egyptian banks continued to be impacted by the political turmoil in the country. Banks such as Commercial International Bank (-20%), Housing and Development Bank (-17%) and Export Development Bank (-17%) were amongst the biggest decliners in December. Saudi banks benefited from the overall market rally in the Kingdom. While Saudi British Bank and Saudi Hollandi Bank increased by 10% each, the rest increased in the range of 3-5%.

Your fund increased by 1.7% during the month, whereas the S&P Pan Arab Financial Index increased by 0.9%. For the year 2011, the fund declined by 6.0% while the benchmark dropped by 15.2%. Your fund's returns for 2011, once again places it amongst the top rated funds in the region. The healthy out performance of the fund was attributable to our strategy to aggressively exit from Egypt while defensively positioning the rest of the portfolio. We anticipate European sovereign debt woes to dominate news flow in 2012 and this is likely to result in increased volatility of the regional markets. Furthermore, initial indications from China suggest that its economy is slowing. Given the uncertainty, in the near-term we intend to maintain the defensive composition of the portfolio.

Country Allocation



Sector Allocation



Fund Statistics

	Fund	Index
Price Earnings Multiple TTM (x)	11.6	11.7
Price to Book Multiple Latest (x)	1.6	1.5
Return on Equity TTM (%)	14.7	13.0
Dividend Yield 2010 (%)	3.9	3.3
Number of Holdings	22	86
Annualized Return (%)	3.1	-9.5
Annualized Standard Deviation (%)	18.1	22.3
Largest Monthly Gain (%)	10.0 (Apr 09)	16.1 (Apr-09)
Largest Monthly Loss (%)	-16.4 (Oct 08)	-20.6 (Oct-08)
% of Positive Months	55	42
Maximum Drawdown- Peak to Trough (%)	-46.4	-60.1
Length of Drawdown (months)	9	12
Recovery from recent trough (%)	54.0	19.0

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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
Dec 2011	1.7	0.9
2011	-6.0	-15.2
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	2.6	0.1
Last 6 months	-2.3	-6.6
Last 1 year	-6.0	-15.2
Last 3 years	35.1	-3.0
Since Inception (Aug 07- Dec 11)	14.3	-35.8

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	(%)
Bank Muscat	Oman	6.6
Qatar National Bank	Qatar	6.1
Saudi Fransi	Saudi	6.1

Risk Statistics

Sharpe Ratio	0.0
Tracking Error (%)	10.7
Information Ratio	1.3
Alpha (%)	9.2
Beta	0.7