STANDARD & POOR'S A FUND MANAGEMENT RATING

SICO Arab Financial Fund

Fact Sheet -February 28, 2010

NAV US$ 10.37 ↑ 6.0%

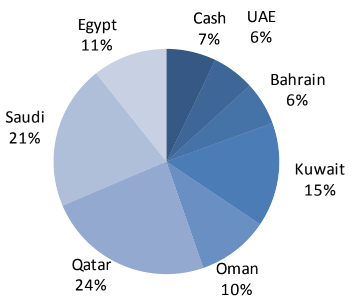
Manager's Commentary

February was a fruitful month for the regional markets with all markets except Egypt posting gains. Kuwait and Qatar were the best performers increasing by 5%. While financials led the rise in the Qatari market, Kuwaiti equities posted strong gains on the back of the rally in share price of Zain. The market substantially rallied when Bharathi announced that it has entered in to exclusive discussions to acquire Zain's African assets. Saudi Arabia, Bahrain, Oman and Abu Dhabi posted gains of 2-3%. Dubai was flat for the month. Egypt was the worst performing market declining by 1.8%. Declines in Egypt were mainly led by large caps such as EFG Hermes (-8%), Orascom Construction (-9%) and Egyptian Iron and Steel company (-17%).

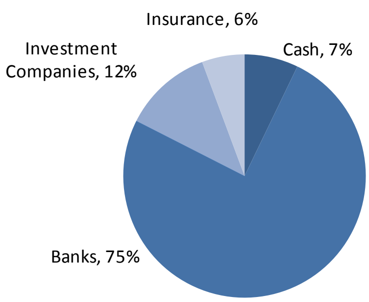
Kuwait based financials were lifted by the tide of positive sentiments which followed the developments regarding Zain. National Bank of Kuwait, Burgan Bank and Kuwait Finance House increased by 21%, 17% and 9% respectively. During the month, the returns of Qatari banks were amplified by generous dividend payments. Cash dividend of CBQ translated to a yield of 9% based entitlement day price while Doha Bank and Qatar Islamic Bank reported dividend yields of 10% and 8% respectively. In Saudi Arabia, Saudi Fransi(+14%) and SAMBA(+10%) were the best performing financials. Investors expect 2010 earnings of the two banks to be boosted by lower loan loss provisioning.

The NAV of SICO Arab Financial Fund (SAFF) was up 6.0% for the month and up 6.8% for the year. On the other hand, S&P GCC Financial Index was up by 4.5% for the month and 4.0% for the year. Your fund benefited from our strategy to increase allocation to Qatari banks and other high dividend yielding financials. As a result of the investments we made over the past 2 months, our cash allocation decreased from 31% in beginning of the year to 6% by the end of February.

Country Allocation



Sector Allocation



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
Feb 2010	6.0	4.5
YTD 2010 (Jan - Feb)	6.8	4.0
Last 3 months	-1.1	-0.7
Last 6 months	3.9	2.3
Last 1 year	39.2	32.5
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- Feb10)	3.7	-34.2

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

Fund Statistics

Price Earnings Multiple TTM (x)	13.0
Price to Book Multiple(x)	1.7
Dividend Yield 2009 (%)	3.0
Number of Holdings	31
Annualized Return (%)	1.4
Largest Monthly Gain (%)	10.0(Apr-08)
Largest Monthly Loss (%)	-16.4(Oct-08)
% of Positive Months	55
Maximum Drawdown- Peak to Trough (%)	46
Length of Drawdown (months)	9
Recovery from recent trough (%)	39

Top Holdings

Name	Country	(%)
Qatar National Bank	Qatar	5.0
Bank Muscat	Oman	4.8
Commercial Bank of Qatar	Qatar	4.8

Risk Statistics

Annualised Standard Deviation %	21.4
Sharpe Ratio	-0.2
Information Ratio	1.2
Beta	0.6
Alpha (%)	9.5

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سجل تجاري رقم ٣٣٤٦٩

sico Investment Bank بنك استثماري

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