

# SICO Arab Financial Fund

Fact Sheet - January 31, 2010

NAV US\$ 12.03 ↓ -1.0 %

## Manager's Commentary

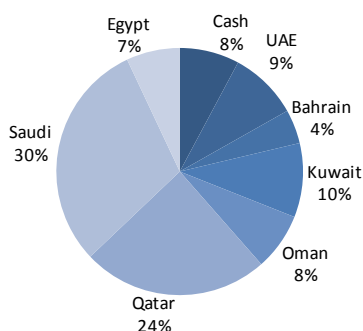
Turmoil in Egypt casted a shadow on regional markets and consequently S&P Arabian index declined by 4% for the month. Unsurprisingly, Egypt was the biggest drag on the index, declining by -21% which was followed by Saudi Arabia which declined by -4%. Returns from Dubai and Abu Dhabi were also impacted by declines in real-estate related companies subsequent to Aldar's proposed restructuring which resulted in the company booking an impairment of AED 10bn. Aldar (-27%), Sorouh (-17%) and Emaar (-14%) were among the top losers in UAE. Bahrain and Oman was up by 1.2% while the Qatari market was up by 0.7%.

In the face of the developments in Egypt, international investors in particular, opted to appreciably reduce their exposure to the countries banks, as a result, Commercial International Bank (-23%), EFG Hermes (-22%) and Credit Agricole (17%) led the declines in Egypt. During the month, financials in Saudi Arabia reported mixed set of results. While the share price of Banks such as Bank Saudi Fransi (+9%), Saudi Hollandi (+9%) and Arab National Bank (+7%) increased due to better than expected earnings, the share price of financials such as SAMBA (-5%) and Riyadh Bank (-2%) slipped after reporting lower than expected 4<sup>th</sup> quarter results.

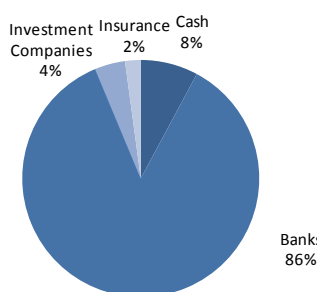
The NAV of SICO Arab Financial Fund (SAFF) was down by 1.0% for the month while the S&P GCC Financial Index declined by 0.3%. During the month we booked profits in Qatar and consequently increased our exposure to financials in Saudi Arabia. In the short-term, we anticipate regional markets to be volatile due to the recent developments in the region. However, in 2011 we expect financials to outperform mainly due to improved prospects for earnings growth.

We are happy inform you that your fund was awarded the MENA Equity Fund of the year and Specialist Fund of the year for 2010 by MENA Fund Manager Magazine. During 2010, the fund increased by 25.2% while the index was up by only 9.6%.

### Country Allocation



### Sector Allocation



## Fund Statistics

Price Earnings Multiple TTM	14.7
Price to Book Multiple (latest x)	2.0
Dividend Yield 2009 (%)	3.3
Number of Holdings	30
Annualized Return (%)	5.6
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 (%)	63

## 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
Jan 2011	-1.0	-0.3
2010	25.2	9.6
2009	14.8	3.3
2008	-29.9	-53.4
2007 (Aug'07-Dec 07)	20.7	31.5
Last 3 months	3.3	1.6
Last 6 months	12.1	7.3
Last 1 year	23.0	9.8
Last 3 years	-0.6	-44.4
Since Inception (Aug 07- Jan 11)	20.4	-30.9

## 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 Middle East, Bahrain

## Top Holdings

Name	Country	(%)
Doha Bank	Qatar	5.3
Bank Saudi Fransi	Saudi	5.3
Al Rajhi Bank	Saudi	5.1

## Risk Statistics

Annualised Standard Deviation %	19.6
Sharpe Ratio	0.1
Information Ratio	1.3
Beta	0.7
Alpha (%)	11.5

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