

Fact Sheet - July 2010

Manager's Commentary

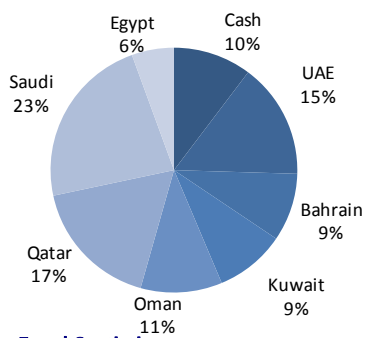
Regional markets rebounded in July after two consecutive months of declines; MSCI Arabian markets index was up by 4.3% for the month. Egypt (+4.7%) was the best performing market, led by its financials and commodity related companies. Oman, Saudi Arabia and Dubai posted gains in the region of 3-4%. Omani and Saudi markets were driven by selected financial and industrial stocks while in Dubai, the gains were led by construction related companies. Qatar, Kuwait and Abu Dhabi increased by 1-2% while Bahrain was flat for the month.

Qatari Banks reported relatively healthy growth in earnings for the 2nd quarter 2010 (+17% YoY and +6% QoQ), this was mainly due to increase in loans to public sector and lower loan loss provisions. Earnings of the Qatari financial sector were led by Qatar National Bank which increased by 14% QoQ and 36% YoY. Saudi based financials reported mixed set of results. The impact of the decrease in net interest income due to lower interest margins and anaemic loan growth was mitigated by lower loan loss provisions. Earnings of the Saudi Banking sector was flat sequentially and down 6% compared to 2Q 2009. Financials in UAE reported relatively poor set of earnings due to appreciable increase in loan loss provisions, 2nd quarter 2010 earnings was down 32% QoQ 25% YoY. Abu Dhabi Commercial Bank and ENBD were among the biggest decliners in UAE.

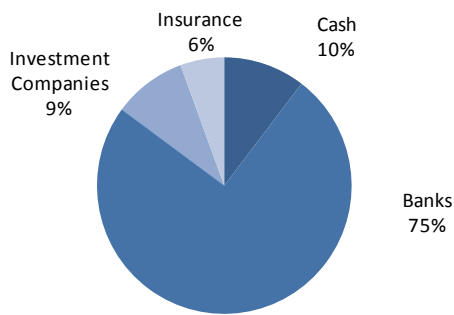
The NAV of SICO Arab Financial Fund (SAFF) was up 2.9% for the month and is up 10.6% for the year. On the other hand, S&P GCC Financial Index was up 4.2% for the month and is up 1.8% for the year. The relatively lower return of the fund compared to the index was on part due to its high cash balance, further, 5.7% increase in the share price of Al Rajhi Bank benefited the S&P GCC Financial Index in which it had a 14.5% weight.

We are happy to note that your fund has completed three years since inception, during this period, the fund has generated a return of 7.4% while on the other had the S&P GCC Financial Index declined by 35.6%.

Country Allocation



Sector Allocation



Fund Statistics

Price Earnings Multiple TTM	11.3
Price to Book Multiple (latest x)	2.0
Dividend Yield 2009 (%)	2.9
Number of Holdings	30
Annualized Return (%)	2.4
Largest Monthly Gain (%)	10.0(Apr-08)
Largest Monthly Loss (%)	-16.4(Oct-08)
% of Positive Months	53
Maximum Drawdown- Peak to Trough (%)	46
Length of Drawdown (months)	9
Recovery from recent trough (%)	44

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
July 2010	2.9	4.1
YTD 2010 (Jan -July)	10.6	1.8
2009	14.8	3.4
2008	-29.9	-53.4
2007 (Aug'07-Dec 07)	20.7	31.5
Last 3 months	-5.4	-5.8
Last 6 months	9.7	2.4
Last 1 year	10.4	1.4
Last 3 years	7.4	-35.6
Since Inception (Aug 07- July10)	7.4	-35.6

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 ISIN Code	BH000A1CZ8Q9
Custodian/ Administration	HSBC Middle East

Top Holdings

Name	Country	(%)
National Bank of Abu Dhabi	UAE	5.5
Bank Saudi Fransi	Saudi	5.1
Bank Muscat	Oman	4.5

Risk Statistics

Annualised Standard Deviation %	20.8
Sharpe Ratio	nm
Information Ratio	1.26
Beta	0.67
Alpha (%)	9.9

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