

## SICO Arab Financial Fund

Fact Sheet - June 2011

NAV US\$ 11.7 ↓2.0%

### Manager's Commentary

Most regional markets declined in June inline with the drop in oil prices on the back of renewed fears of a global slowdown. S&P Arabian Index dipped by 2.4% for the month led by Saudi Arabia (-2.4%) and Egypt (-4.7%). While insurance companies and industrials were the biggest decliners in Saudi Arabia, the pullback in Egypt was led by financials. Abu Dhabi appreciated by 2.5% despite uncertainty surrounding the inclusion of UAE into the MSCI Emerging Market index, while Dubai fell by 2.8%. Kuwait and Bahrain were down 2-3%, while Qatar fell only marginally (-0.2%).

During the month, the Egyptian government turned down a USD 3 billion IMF facility. This is likely to force Egyptian Commercial Banks to finance the governments ballooning budget deficit. As a consequence, going forward, we expect private sector lending in Egypt to soften. Lending by Commercial Banks to the Egyptian government has increased by as much as 23% YoY and it now accounts for 50% of commercial banks assets (up from 44% in the beginning of the year). Egyptian financials on average were down by approximately 10% during the month.

Your fund declined by 2% during the month compared to a 3.2% decline in the S&P Pan Arab Financial Index. Our strategy of totally exiting our Egyptian exposure in May enabled the fund to outperform the index. Year to date, the fund is down by 3.8% while the S&P Pan Arab Financial Index is down by 9.2%. Over the past two months, financials particularly in Saudi Arabia have underperformed the regional markets. We expect this trend to continue over the upcoming summer season which would give us an ideal opportunity to invest in fundamentally attractive stocks.

### 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
June 2011	-2.0	-3.2
YTD 2011 (Jan-Jun)	-3.8	-9.2
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	-2.8	-3.6
Last 6 months	-3.8	-9.2
Last 1 year	12.1	2.0
Last 3 years	-15.1	-46.2
Since Inception (Aug 07- Jun 11)	17.0	-31.2

### 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

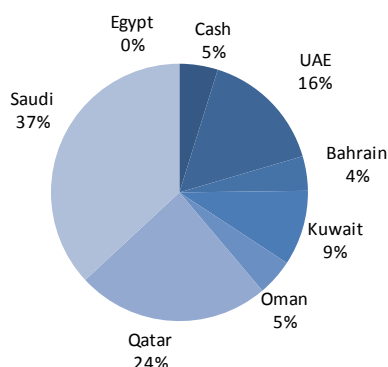
### Top Holdings

Name	Country	(%)
AL Rajhi Bank	Saudi	6.9
Qatar National Bank	Qatar	6.4
First Gulf Bank	UAE	6.2

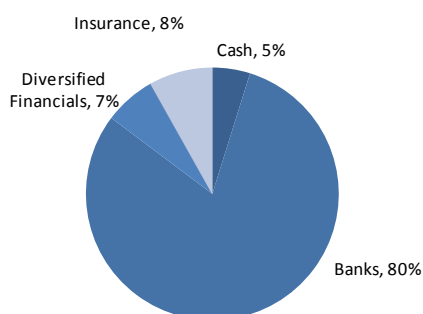
### Risk Statistics

Annualised Standard Deviation (%)	19.0
Sharpe Ratio	0.1
Tracking Error (%)	10.5
Information Ratio	1.3
Alpha (%)	9.9
Beta	0.7

### Country Allocation



### Sector Allocation



### Fund Statistics

	Fund	Index
Price Earnings Multiple TTM (x)	12.3	15.1
Price to Book Multiple Latest (x)	1.8	1.9
Return on Equity TTM (%)	14.6	12.6
Dividend Yield 2010 (%)	3.3	2.5
Number of Holdings	22	145
Annualized Return (%)	4.1	-9.1
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	57	43
Maximum Drawdown- Peak to Trough (%)	46.4	-60.1
Length of Drawdown (months)	9	12
Recovery from recent trough (%)	57.0	25.2

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