

# SICO Arab Financial Fund

Fact Sheet - March, 2011

NAV US\$ 12.04  5.0 %

## Manager's Commentary

Regional Markets as measured by S&P Arabian Index increased by 4.4% during March as the markets rebounded from the lows recorded in the beginning of the month. It appears that investors initially over-reacted to the negative news emanating from the region and now, having had the time to digest, markets are adjusting to reflect the ground realities. Saudi Arabia (10.5%), Dubai (10.3%) and Qatar (6.6%) led the rally. Financials and Petrochemicals contributed to the gains in Saudi Arabia and Qatar while gains in Dubai were driven by real-estate related stocks such as Emaar Properties (21%) and Arabtec (30%). Egyptian stock exchange reopened for trading during the fourth week of March. Initially, trading had to be suspended due to steep declines, during the first two days of trading, index declined by 12.4%. However, markets subsequently rebounded by 10.5%, trimming the loss to 3.2% for the month. In March, Kuwait declined by 2.9% while Oman, Bahrain and Abu Dhabi were broadly flat.

Following the steep declines experienced in February, financials in Saudi Arabia posted significant gains. Saudi British Bank (+20%), Bank Saud Fransi (+18%) and Arab National Bank (+15%) were among the top gainers in Saudi Arabia. Sentiment surrounding financials in Saudi were further boosted by reports that Saudi government has started to expedite the legislative steps required to implement the long awaited mortgage law. As expected, financials in Egypt significantly declined during the month; EFG Hermes was the worst performer declining by as much as 17% followed by CIB, Credit Agricole and NSGB which declined in the range of 10-13%.

The NAV of SICO Arab Financial Fund (SAFF) was up by 5.0% for the month and is down by 1.0% for the year. On the other hand, the S&P GCC Financial Index was up by 4.9% for the month and is down by 3.0% for the year. The fund benefited from its investments in Saudi Arabia and Qatar, however, its cash allocation and investments in Egypt was a drag on the performance. We continue to remain optimistic on the prospects for regional financials and expect the upcoming earnings season to provide further momentum to the sector.

## 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
March 2011	5.0	4.9
YTD 2011 (Jan-March)	-1.0	-3.0
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	-0.9	-3.0
Last 6 months	4.0	-1.5
Last 1 year	9.4	-3.1
Last 3 years	-6.8	-45.8
Since Inception (Aug 07- March 11)	20.5	-32.7

## 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

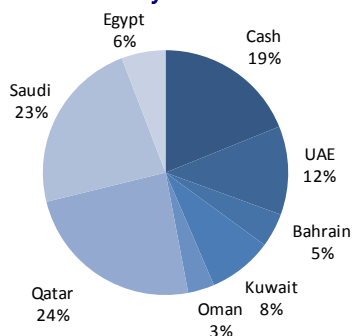
## Top Holdings

Name	Country	(%)
Qatar National Bank	Qatar	4.9
Qatar Islamic Bank	Qatar	4.7
First Gulf Bank	UAE	4.7

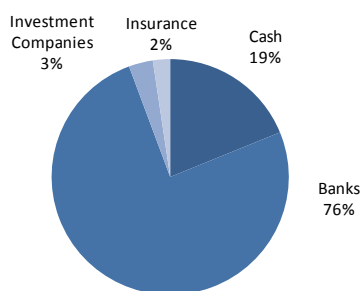
## Risk Statistics

Annualised Standard Deviation %	19.5
Sharpe Ratio	0.1
Tracking Error	11.9
Information Ratio	1.3
Beta	0.7
Alpha (%)	11.4

## Country Allocation



## Sector Allocation



## Fund Statistics

Price Earnings Multiple TTM	12.1
Price to Book Multiple (latest x)	1.6
Dividend Yield 2010 (%)	4.2
Number of Holdings	26
Annualized Return (%)	5.3
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 (%)	62%

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