

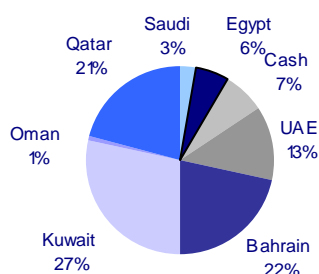
## Manager's Commentary

All GCC markets except Kuwait (+2%) dipped in line with the global indices during the month. Downtrend in share prices was particularly acute in Saudi Arabia (-12%), Dubai (-10%) and Qatar (-9%). The declines in regional markets were mainly attributable to the anxious sentiments of investors, stemming from the volatility in the global markets. However, we believe the underlying fundamentals of the markets in GCC still continue to be positive and expect the first quarter corporate earnings to quell investor concerns to a large extent.

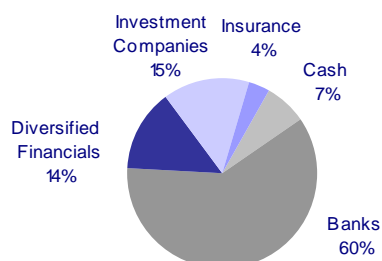
Financials in Saudi Arabia recorded the biggest decline during the month. Relatively rich valuations coupled with uncertainty on subprime exposure contributed to the drop in share price. Samba Financial Group (-25%), Al Rajhi bank (-18%) and Saudi Investment bank (-9%) were among the biggest losers. Investment banks listed in Kuwait recorded significant gains. UGB increased by 20% while Investment Dar and KAMCO increased by 15% and 16% respectively. However, most commercial banks in Kuwait declined due to intense competition and uncertainty surrounding the new regulations on retail lending. NBK, Burgan bank and Gulf bank declined by 7%, 7% and 3% respectively.

The NAV of SICO Arab Financial Fund (SAFF) was up by 0.01% in March and 7.2% for the year. Our significant investments in Bahrain & Kuwait based financials and exposure to high dividend paying stocks helped us to override the steep market decline. UGB (+20%), Ithmaar Bank (+13%) and KAMCO (+16%) were among the biggest contributors to our fund. News of expansion coupled with reports of a possible acquisition of UGB by Burgan Bank fuelled the increase in UGB's share price. The volatility in the markets enabled us to opportunistically invest in stocks that we believed were excessively punished despite strong fundamentals. Our cash allocation decreased from 8% to 7%.

### Country Allocation



### Sector Allocation



## Fund Statistics

Price Earnings Multiple 2007 (x)	13.2
Dividend Yield 2007 (%)	4.2
Price to Book Multiple 2007 (x)	2.5
Number of Holdings	36
Annualized Return (%)	47.3
Largest Monthly Gain (%)	8.4 (Dec-07)
Largest Monthly Loss (%)	NA
% of Positive Months	100
Maximum Drawdown- Peak to Trough (%)	NA
Length of Drawdown (months)	NA
Time to Recovery (months)	NA

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## 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 (%)

Period	Fund
March 2008	0.01
Year to date	7.2
Last 3 months	7.2
Since inception (Aug'07-March 08)	29.4%
2007 (Aug'07-Dec 07)	20.7

## 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	Gulf Clearing Company

## Top Holdings

Name	Country	(%)
Ithmaar Bank	Bahrain	6.4
KIPCO	Bahrain	5.6
Gulf Finance House	Kuwait	5.5

## Risk Statistics

Annualised Standard Deviation	NA
Sharpe Ratio	NA
Information Ratio	NA
Beta	NA
Alpha (%)	NA

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