

SICO Arab Financial Fund

Fact Sheet - November 30, 2009

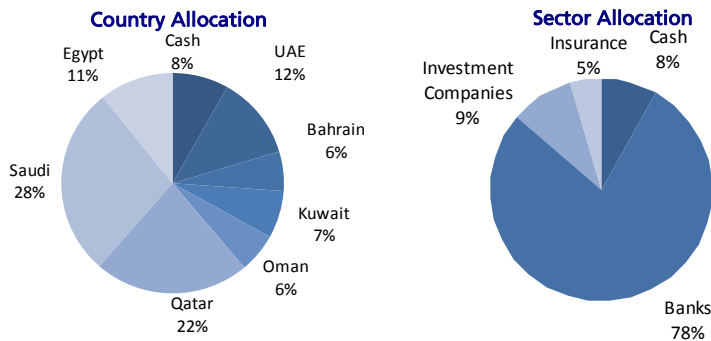
NAV US\$ 10.4916 ↓ 0.7%

Manager's Commentary

The regional markets continued their decline in the month of November. Saudi Arabia and Qatar were the only markets to post positive returns of 1.4 % and 0.8%, respectively. Such was the level of volatility that Egypt lost 15.8% for the month and became the worst performer from being the best performer in October. Dubai and Abu Dhabi lost 11.7% each, whereas Kuwait and Bahrain lost around 6% each. Oman, however, ended the month sideways.

Financials across the region declined substantially led by stocks in the UAE, Kuwait, Bahrain and Egypt. Stocks in Oman, Qatar and Saudi Arabia fared relatively well compared to their peers in other countries. In Egypt, key banking stocks such as EFG Hermes and CIB declined by about 10-15%. In Bahrain, Ithmaar (-24%) dragged the financials down whereas in the UAE, Shuaa Capital and Aabar Investments lost over 20% each. Investors panicked in the UAE following the announcement by Dubai World of its plans to enter into a standstill agreement regarding their debt payments. The news was even more shocking as it came shortly after the Government of Dubai had raised USD 5 bn from two Abu Dhabi banks. Investors dumped equities in both the UAE markets and pushed the indices down by 7-8% on the last trading day of the month. Financial stocks were the hardest hit as investors lacked information regarding the regional bank's exposure to Dubai's debt.

The NAV of SICO Arab Financial Fund (SAFF) declined by 0.7% in November and is up 24.0% for the year. On the other hand, S&P GCC Financial Index is down by 2.9% for the month and up 8.2% for the year. Dubai has been full of surprises in the last few weeks. The recent \$10bn bailout by the Govt. of Abu Dhabi has averted a preminent default on Nakheel's bond. This has provided some relief however, a lot of questions regarding the fate of Dubai's state-owned corporates remain unanswered. In such a scenario, we maintain our negative outlook for Dubai as we feel that most stocks may continue to suffer due to uncertainty at a macro level. At the same time, we believe that investors will increasingly differentiate between Dubai and the rest of GCC as each state has its own unique dynamics.



Fund Statistics

Price Earnings Multiple TTM (x)	16.0
Price to Book Multiple(x)	1.8
Dividend Yield 2008 (%)	3.4
Number of Holdings	30
Annualized Return (%)	2.1
Largest Monthly Gain (%)	10.0(Apr-08)
Largest Monthly Loss (%)	-16.4(Oct-08)
% of Positive Months	54
Maximum Drawdown- Peak to Trough (%)	46
Length of Drawdown (months)	9
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 (%)

	Fund	S&P GCC Financial
Nov 2009	-0.7	-2.9
YTD 2009 (Jan - Nov)	24.0	8.2
Last 3 months	5.1	3.0
Last 6 months	10.8	0.1
Last 1 year	19.6	-1.2
Last 3 years	n/a	n/a
Last 5 years	n/a	n/a
2008	-29.9	-53.4
2007 (Aug'07-Dec 07)	20.7	31.5
Since Inception (Oct 07- Nov 09)	4.9	-33.7

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	HSBC Middle East

Top Holdings

Name	Country	(%)
Al Rajhi Bank	Saudi	6.0
Emirates NBD	UAE	5.9
SAMBA Financial	Saudi	5.6

Risk Statistics

Annualised Standard Deviation %	21.6
Sharpe Ratio	-0.1
Information Ratio	1.3
Beta	0.6
Alpha (%)	10.7