

### Manager's Commentary

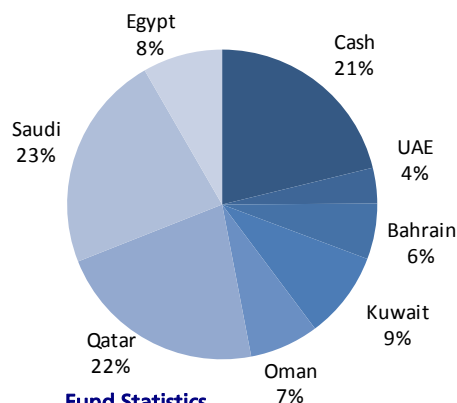
The S&P Pan Arabian index was down 0.6% in November led by losses in the UAE and Kuwait. Market rumours regarding another Dubai based entity, Dubai Holding, potentially requesting a standstill on its loans partly accounted for the declines in UAE. Abu Dhabi dropped by 3.1% while Dubai fell by 5.4%. Profit taking among Kuwaiti investment companies such as Kuwait Investment Company (-21%), National Industries (-10.5%) and National Investment (-17%) resulted in the overall Kuwaiti market declining by -2.4%. Qatar, on the other hand was the best performing market in November driven by financials and industrials such as Industries Qatar (+10.6%) and Qatar Gas Transport (+8.0%). During the month, Saudi Arabia marginally declined (-0.6%) while Oman and Egypt increased marginally.

Qatari financials continued to post healthy gains during the month despite declines experienced by other regional financials. These stocks have garnered broader interest mainly due to the very generous dividends yields and relatively attractive valuations. Doha Bank, Qatar Islamic Bank and Commercial Bank of Qatar are amongst the top dividend payers in Qatar with an average yield of approximately 7%.

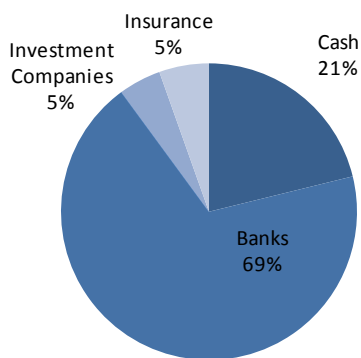
The NAV of SICO Arab Financial Fund (SAFF) increased by 0.8% for the month and is up by 21% for the year. In comparison, S&P GCC Financial Index was down by 1.9% for the month and is up by 5.5% for the year. The healthy outperformance of your fund stemmed from our strategy to maintain significant exposure to Qatari financials while limiting our exposure in Kuwait.

During the month we booked profits in the UAE based holdings fearing a market overreaction subsequent to news reports that Dubai Holding may request a standstill on some of its loans. Consequently, our cash balance increased from 5% to 21%. However, going forward, we intend to invest these fund in financials based in UAE and Qatar.

#### Country Allocation



#### Sector Allocation



#### Fund Statistics

Price Earnings Multiple TTM	13.4
Price to Book Multiple (latest x)	2.1
Dividend Yield 2009 (%)	3.9
Number of Holdings	31
Annualized Return (%)	5.0
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 (%)	57.7

### 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 2010	0.8	-1.9
YTD 2010 (Jan -Nov)	21.0	5.5
2009	14.8	3.4
2008	-29.9	-53.4
2007 (Aug'07-Dec 07)	20.7	31.5
Last 3 months	7.5	3.2
Last 6 months	12.5	7.1
Last 1 year	12.0	0.8
Last 3 years	5.6	-43.3
Since Inception (Aug 07- Nov10)	17.5	-33.2

### Fund Information

Launch Date	August 2007
Management Fee	1.5%
Performance Fee	10% over 10% pa
Subscription & Redemption	Weekly
Subscription Deadline	Two Business days before month end
Redemption Deadline	Two 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	(%)
Bank Saudi Fransi	Saudi	4.7
Qatar National Bank	Qatar	4.6
Masraf AL Rayan	Qatar	4.1

### Risk Statistics

Annualised Standard Deviation %	20.0
Sharpe Ratio	0.1
Information Ratio	1.3
Beta	0.7
Alpha (%)	11.6

Securities & Investment Company BSC (c)  
P.O. Box 1331, Manama, Kingdom of Bahrain  
Tel: +973 1751 5000 Fax: +973 1751 4000  
CR No: 33469  
www.sicobahrain.com

شركة الأوراق المالية والاستثمار ش.م.ب (م)  
ص.ب: 1331، المنامة، مملكة البحرين  
هاتف: +973 1751 5000 فاكس: +973 1751 4000  
سجل تجاري رقم 33469

بنك استثماري **sico**  
Investment Bank

For further information please contact:  
[assetmanagement@sicobahrain.com](mailto:assetmanagement@sicobahrain.com)