

Manager's Commentary

Regional markets posted healthy gains in October primarily led by Egypt (+7.6%) and Qatar (+2.4%). The Egyptian market rallied by 7.6% subsequent to four consecutive months of steep declines. The gains were led by heavyweights such as Orascom Construction +14%, Commercial International Bank +16% and Mobinil +12%. Industries Qatar and selected financials contributed to the gains in Qatar. Kuwait and Saudi Arabia increased by 1.5-2% while Bahrain, Dubai and Abu Dhabi dropped in the range of 1-2%. The declines in UAE were led by construction related companies such as Aldar Properties (-9.4%), Arkan Building (-10.6%) and Sorouh (-6.5%).

Qatari banks were amongst the best performing financials in October, with share price of commercial banks such as Commercial Bank of Qatar (+5.4%) and Doha Bank (5.7%) benefiting from better than expected earnings. Furthermore, investor interest in Qatari Banks have picked up due the up coming dividend season.

Your fund was up by 3.1% during the month, whereas the S&P Pan Arab Financial Index increased by only 1.8%. Our investments in Qatar coupled with our significant exposure to financials such as First Gulf Bank and Bank Saudi Fransi which increased by 9% and 6% respectively, contributed to the healthy out performance of the fund. Year to date, the fund is down by 5.6% while the S&P Pan Arab Financial Index is down by 13.7%. In line with our previously articulated strategy, we further increased our investments in dividend yielding financials, consequently our cash allocation declined from 20% to 6%.

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
Oct 2011	3.1	1.8
YTD 2011 (Jan-Oct)	-5.6	-13.7
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	-1.2	-2.8
Last 6 months	-6.3	-9.0
Last 1 year	-1.6	-11.5
Last 3 years	24.0	-20.0
Since Inception (Aug 07- Oct 11)	14.8	-34.6

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

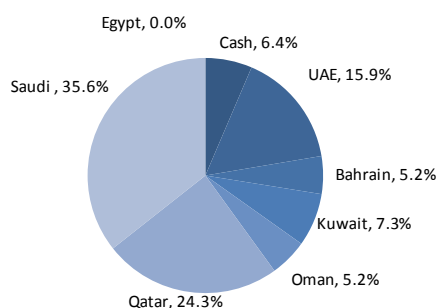
Top Holdings

Name	Country	(%)
Saudi Fransi	Saudi	6.1
Qatar National Bank	Qatar	6.1
First Gulf Bank	UAE	5.9

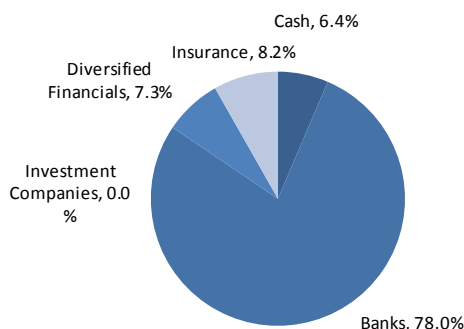
Risk Statistics

Annualised Standard Deviation (%)	18.4
Sharpe Ratio	0.02
Tracking Error (%)	10.1
Information Ratio	1.3
Alpha (%)	9.6
Beta	0.7

Country Allocation



Sector Allocation



Fund Statistics

	Fund	Index
Price Earnings Multiple TTM (x)	10.8	12.7
Price to Book Multiple Latest (x)	1.6	1.3
Return on Equity TTM (%)	14.9	10.6
Dividend Yield 2010 (%)	3.5	2.8
Number of Holdings	20	86
Annualized Return (%)	3.4	-9.7
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	56	42
Maximum Drawdown- Peak to Trough (%)	-46.4	-60.1
Length of Drawdown (months)	9	12
Recovery from recent trough (%)	54.0	19.0

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