

# SICO Arab Financial Fund

Fact Sheet - September 2011

NAV US\$11.13 ↓ 1.8%

## Manager's Commentary

In September, regional markets continued to move in tandem with international exchanges. However, despite the volatility, S&P Pan Arab index declined by only 0.7% for the month. Egypt (-10.8%), Bahrain (-7.4%) and Dubai (-4.1%) were significantly impacted in September. The Egyptian market remained under pressure primarily due to foreign selling. Saudi Arabia managed to post a gain of 2.2% in September while Kuwait and Qatar increased by 0.5%-1%. Gains in Saudi Arabia were driven by the Insurance sector and other small cap speculative companies.

Egyptian financials experienced a significant pullback in September with Export Development Bank (-27.5%), Housing and Development bank (-18.8%) and Commercial International bank (-16.5%), amongst the biggest decliners. Year to date, all the major Egyptian financials have dropped in excess of 50%. However, despite the declines, we still opt out of investing in Egypt due to the political and macroeconomic concerns.

Your fund declined by 1.8% during the month in line with the S&P Pan Arab Financial Index. The benchmark benefited from gains in Kuwaiti investment companies and the Saudi Insurance sector, which increased in the range of 10%-35%. We do not believe that there were any fundamental factors which underpinned this rally and hence it is unlikely to be sustainable. Year to date, the fund is down by 8.5% while the S&P Pan Arab Financial Index is down by 15.3%. The cash allocation of the fund stands at 20% and we intend to maintain the defensive composition of the portfolio until we see further clarity on the global economic recovery.

## 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
Sep 2011	-1.8	-1.8
YTD 2011 (Jan-Sep)	-8.5	-15.3
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	-4.8	-6.7
Last 6 months	-7.5	-10.1
Last 1 year	-3.9	-13.1
Last 3 years	0.5	-37.7
Since Inception (Aug 07- Sep 11)	11.3	-35.8

## 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

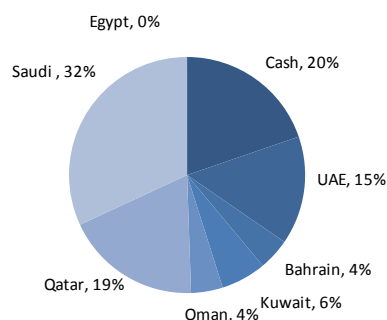
## Top Holdings

Name	Country	(%)
Saudi Fransi	Saudi	5.5
Abu Dhabi Islamic Bank	UAE	5.5
First Gulf Bank	UAE	5.3

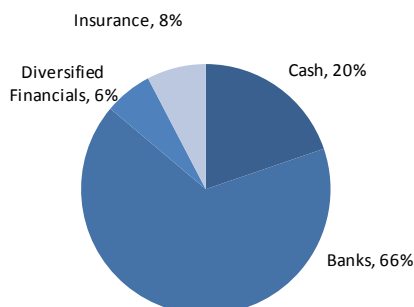
## Risk Statistics

Annualised Standard Deviation (%)	18.5
Sharpe Ratio	nm
Tracking Error (%)	10.4
Information Ratio	1.3
Alpha (%)	9.7
Beta	0.7

## Country Allocation



## Sector Allocation



## Fund Statistics

	Fund	Index
Price Earnings Multiple TTM (x)	10.7	12.2
Price to Book Multiple Latest (x)	1.7	1.6
Return on Equity TTM (%)	13.8	12.7
Dividend Yield 2010 (%)	3.7	3.3
Number of Holdings	20	50
Annualized Return (%)	2.7	-10.1
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 (%)	49.0	16.9

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