

SICO Gulf Equity Fund

Fact Sheet - August 31, 2007

NAV US\$108.7 ↓ -1.5%

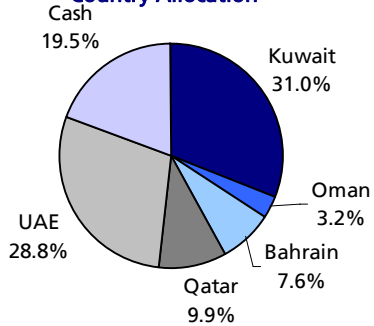
Manager's Commentary

The Gulf bourses exhibited a mixed performance in August with Qatar (-1.8%) and Bahrain (-1.6%) closing in red. Abu Dhabi (-1.3%) and Dubai (-0.4%) also tumbled down. On the other hand, Oman was the highest gainer (+3.5%) while Kuwait recorded a modest gain of +1.1%. This was the third time in a row that the UAE markets ended in negative territory. Part of the market's dive was attributed to the ongoing troubles in the US financial and mortgage markets last month, as local investors' fretted that the contagion would spread to Arab markets. However, analysts feel such fears were unfounded as UAE has limited exposure to US subprime mortgage related instruments. The Saudi bourse was the biggest gainer (+9.2%) spurred by news of the opening of the banking and insurance sector to GCC investors.

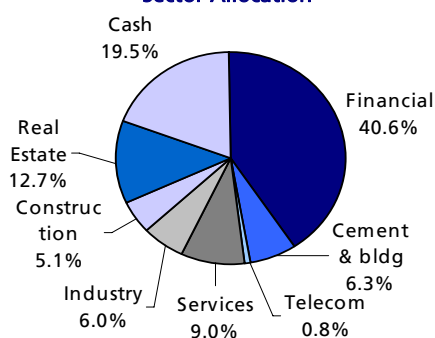
The NAV of SICO Gulf Equity Fund declined by -1.5%. In comparison, the benchmark performance was -0.1%. The fund's underperformance can be attributed to our stock allocations in Kuwait. Notably, the absence of MTC and KFH in our portfolio, as these stocks appreciated. We had exited these stocks earlier, based on our adverse view of their potential as a value investment. Furthermore, our top holding, Agility took a beating by a rival company's IPO offering in August. However, the IPO has been suspended and we remain bullish on the future prospects of Agility's stock. AUB also contributed negatively. The stock plunged -12.7% after failed negotiations between Tamdeen Investment Company and International Bank of Qatar, regarding the takeover offer by the latter for Tamdeen's 13.07% stake.

During the month, we booked profits in Raysut Cement and BankMuscat leading to an overall increase in the cash allocation to 19.5%. Also as part of our fund strategy, we zoomed into the real estate sector by increasing exposure in Emaar and Aldar Properties. Emaar's stock rallied after the land-swap deal with Dubai holding was scrapped easing investor's frantic dumping of the stock. Future outlook is positive as the company is exploring joint venture agreements with Dubai Holdings to develop land in prime locations in Dubai. Aldar has attractive valuations and is poised for growth with a huge land bank and planned developments worth AED 200bn.

Country Allocation



Sector Allocation



Fund Statistics

Price Earnings Multiple 2007 (x)	9.3
Dividend Yield 2006 (%)	4.0
Number of Holdings	29
Annualized Return (%)	5.7
Largest Monthly Gain (%)	7.4
Largest Monthly Loss (%)	-9.2
% of Positive Months	61.1
Maximum Drawdown- Peak to Trough (%)	-13.3
Length of Drawdown (months)	6
Time to Recovery (months)	10

Investment Objective

The Fund seeks to achieve long-term capital appreciation by investing principally in equity securities listed on the stock markets of the GCC Countries excluding Saudi Arabia.

Fund Returns (%)

	Fund	MSCI Ex Saudi Index
August 2007	-1.5	-0.1
Year to Date 2007	17.1	23.5
Last 3 months	2.3	1.4
Last 6 months	13.9	21.1
Last 12 months	18.6	18.6
2006 (Mar - Dec)	-7.2	-18.8
Since Inception	8.7	0.3

Top Holdings

Name	Country	(%)
Emaar Properties	UAE	9.4
Agility	Kuwait	7.7
Industries Qatar	Qatar	6.0

Fund Information

Launch Date	March, 2006
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	<SICO>
Fund Listing	Bahrain Stock Exchange
Custodian	SICO Funds Services
Auditors	Price Waterhouse Cooper

Risk Statistics

Annualised Standard Deviation	14.1
Sharpe Ratio	n/a
Information Ratio	0.67
Beta	0.67
Alpha (%)	5.6

* For further information contact Marketing at: marketing@sicobahrain.com

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.sico-bahrain.com

شركة الأوراق المالية والاستثمار ش.م.ب (م)
ص.ب: ١٣٣١، المنامة، مملكة البحرين
هاتف: +٩٧٣ ١٧٥١ ٥٠٠٠ فاكس: +٩٧٣ ١٧٥١ ٤٠٠٠
سجل تجاري رقم ٣٣٤٦٩

بنك استثماري sico
Investment Bank

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