

SICO Gulf Equity Fund

Fact Sheet - August 31, 2009

NAV US\$ 111.23 **↑3.4%**

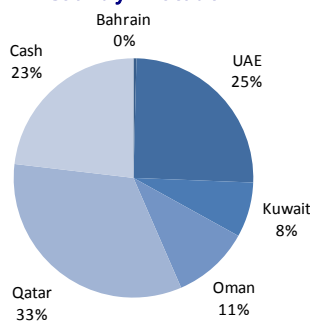
Manager's Commentary

With the exception of Saudi Arabia, the other GCC markets extended their gains during the month. Oman was the best performing market and appreciated by 8.5%. The index heavyweights, BankMuscat and Omantel witnessed buying interest that pushed the overall market upwards. Lifted by its strong fundamentals; the Qatari commercial banking sector stocks contributed positively to the 6.1% increase in the Doha Securities Market. Dubai based real estate companies pushed the overall market (+5.3%), while the financial sector helped Abu Dhabi appreciate by 3.4%. Bahrain and Kuwait were up 1% and 3%, respectively for the month.

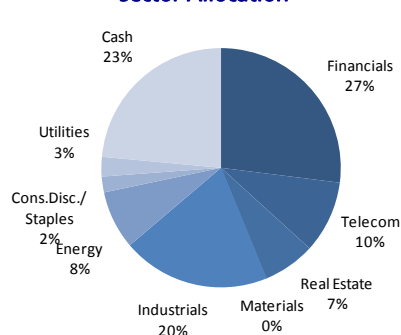
The net asset value of SICO Gulf Equity Fund appreciated by 3.4% for the month and is up 26.1% for the year. The benchmark, MSCI GCC ex Saudi index rose by 7.8% for the month and is up 16.6% for the year. The fund's holdings in Qatar and the UAE contributed to the overall returns. On the other hand, significant contributions from the Kuwaiti companies helped the benchmark post a strong return. In particular, Zain with almost 20% weight in the benchmark appreciated by 20.6% as investors continued to react on the possible sale of its stake, which was finally announced in early September. Post the announcement, there is no clarity as to how minority shareholders' interests will be protected and consequently its share price has fallen by almost 20%. Zain's share price is up +80.9% this year and has contributed to around half of the overall benchmark's return for the year. This run up was primarily driven by speculation and until this saga ends, the share price would remain volatile and therefore does not warrant any long term investment position.

During the month, we took advantage of the rise in certain stocks by trimming our allocations in stocks that were trading close to their fair values. We would be deploying this cash in new investment ideas on market dips. We continue to remain optimistic on the GCC markets and believe that these markets are ripe for a strong upward move during the fourth quarter. The GCC markets have significantly underperformed the Emerging Markets; this is unjustified given the strong underlying fundamentals. In addition, earnings growth for the third and forth quarters are expected to be much better than last year which should also provide a trigger for the GCC markets.

Country Allocation



Sector Allocation



Fund Statistics

Price Earnings Multiple TTM (x)	9.6
Price to Book Multiple Latest (x)	1.9
Dividend Yield 2008 (%)	4.2
Number of Holdings	26
Annualized Return (%)	3.1
Largest Monthly Gain (%)	12.6 (Apr 09)
Largest Monthly Loss (%)	-14.9 (Oct 08)
% of Positive Months	55
Maximum Drawdown- Peak to Trough (%)	-47.8
Length of Drawdown (months)	9
Time to Recovery (months)	n/a

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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 GCC Ex Saudi Index
Aug 2009	3.4	7.8
YTD 2009 (Jan-Aug)	26.1	16.6
Last 3 months	5.5	10.8
Last 6 months	40.4	58.4
Last 1 year	-16.9	-42.1
Last 3 years	21.4	-28.0
Last 5 years	n/a	n/a
2008	-30.8	-54.0
2007	37.2	39.7
2006 (Mar - Dec)	-7.2	-21.3
Since Inception (Mar 06 - Aug 09)	11.2	-41.0

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	LP65038264
Zawya Code	SICOGEF.MF
Fund Listing	Bahrain Stock Exchange
Custodian/ Administrator	HSBC Middle East, Bahrain
Auditors	Price Waterhouse Coopers

Top Holdings

Name	Country	(%)
Industries Qatar	Qatar	6.0
Air Arabia	UAE	4.6
Qatar Islamic Bank	Qatar	4.3

Risk Statistics

Annualised Standard Deviation(%)	21.3
Sharpe Ratio	-0.1
Information Ratio	1.3
Beta	0.7
Alpha (%)	10.7

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