

SICO Gulf Equity Fund

Fact Sheet - December 31, 2007

NAV US\$127.35  8.4%

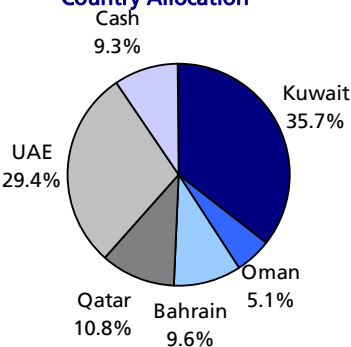
Manager's Commentary

All GCC markets shored up positive returns for the month of December encouraged by continuing high oil prices and expectations of strong corporate earnings. The Saudi bourse took the pole position by gaining 18.1% for the month. In the UAE, Dubai claimed 10.8%, while Abu Dhabi surged by 9.3%. Next in line were Oman and Bahrain with positive returns of 7.0% and 6.1% respectively. Kuwait surfaced back with a gain of 4.2% after two months of negative performance. Recently, Kuwait's parliament approved a tax cut on foreign firms' profits from 55% to 15%, as well as abolished tax on capital gains made by foreign companies trading stocks on the Kuwait bourse. This move will enhance foreign direct investment in Kuwait. Qatar also closed on a positive note (2.3%). Amidst a year end rally in the GCC markets which concluded with an average return of over 44%, the Omani market scaled the highest return of 61.9%.

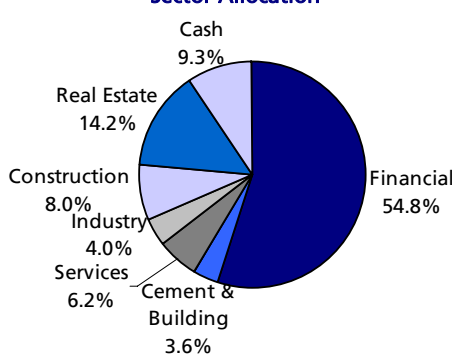
The NAV of SICO Gulf Equity Fund appreciated by 8.4%. In contrast, the MSCI GCC ex Saudi index was up by 5.4%. Our holdings in the UAE markets contributed significantly to the fund's performance. Amongst the top contributors were Aldar Properties (+27%), RAK Properties (+26%) and Emaar Properties (+20%). Emaar's share price ascended as the company's international ventures gained momentum. In India, Emaar's subsidiary expects to get approval in January for its initial share sale to raise \$1.7bn. The company also opened up sales registration for its \$2.4 bn real estate project in Pakistan. Additionally, our fund benefited from a 22% gain by Gulf Finance House (GFH) and 15% by United Gulf Bank. GFH is expanding globally with a focus on emerging markets with strong growth potential. This strategy was manifested in its \$10bn deal for developing an economic zone in India, as well as plans to set up a \$3bn offshore financial centre in Tunisia.

During the month, we built a position in First Finance Company in Qatar as we believe that the company has strong earnings growth potential. We also increased our exposure in Ithmaar Bank and some financial stocks in Kuwait and Qatar including KIPCO Asset Management Company and Qatar National Bank. On the other hand, we exited Oman Cement, Bank of Bahrain and Kuwait and Qatar Telecom. We also booked profits in First Gulf Bank and Tabreed. Consequently, the fund ended the month with 9.3% cash.

Country Allocation



Sector Allocation



Fund Statistics

Price Earnings Multiple 2007 (x)	12.3
Dividend Yield 2006 (%)	3.6
Number of Holdings	29
Annualized Return (%)	14.1
Largest Monthly Gain (%)	8.4 (Dec 07)
Largest Monthly Loss (%)	-9.2 (Nov 06)
% of Positive Months	63.6
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 GCC Ex Saudi Index
December 2007	8.4	5.4
Year to Date 2007	37.2	35.4
Last 3 months	13.9	7.6
Last 6 months	17.8	10.4
Last 12 months	37.2	35.4
2006 (Mar - Dec)	-7.2	-18.8
Since Inception (Mar'06-Dec'07)	27.4	9.9

Top Holdings

Name	Country	(%)
Emaar Properties	UAE	7.2
Gulf Finance House	Bahrain	5.6
United Gulf Bank	Bahrain	4.9

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	SICO Funds Services
Auditors	Price Waterhouse Coopers

Risk Statistics

Annualised Standard Deviation	15.2
Sharpe Ratio	n/a
Information Ratio	1.13
Beta	0.70
Alpha (%)	10.4

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بنك استثماري **sico**
Investment Bank

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