

SICO Gulf Equity Fund

Fact Sheet - July 2011

NAV US\$105.81 ↓ 1.8%

Manager's Commentary

Second quarter earnings of GCC companies showed impressive growth but failed to revive the regional markets. Investors remained on the sidelines on the back of negative sentiments stemming from debt worries of the Euro zone periphery and the impasse on raising the US's debt ceiling. A new law introduced by Kuwait's capital market authority, limiting local investment companies' ownership of listed companies intensified selling pressure in a market already lacking any kind of positive trigger. Kuwait was the worst performing market (-4.2%), followed by Abu Dhabi (-3.1%) and Saudi Arabia (-2.8%). Bahrain and Oman fell 2-3% for the month while Dubai ended flat. Qatar was the sole gainer and was up 0.5%.

The fund's NAV declined by 1.8% for the month versus 2.4% decline in its benchmark. Our low exposure to worst hit markets such as Kuwait and Abu Dhabi limited our losses. At the same time, high allocation to Qatari equities also contributed to outperformance. Note that the fund is down 4.8% for the year compared to 11% decline in its benchmark - the S&P GCC ex-Saudi Index. The main reason for outperformance this year is our correct call on Kuwait - down 15% for the year.

We remain confident on the medium to long term prospects of GCC markets mainly due to solid macroeconomics, attractive valuations and decent earnings growth. However, we expect the markets to remain negative to range bound in the short term due to lack of investor interest because of summers, Ramadan and geo economic uncertainties. Moving forward our investment strategy is to stay defensive but opportunistically invest in fundamentally solid and high yield stocks.

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.

Returns (%)

	Fund	S&P GCC Ex Saudi Index
July 2011	-1.8	-2.4
YTD 2011 (Jan - Jul)	-4.8	-11.0
2010	11.6	18.4
2009	12.9	-1.1
2008	-30.8	-53.4
2007	37.2	38.2
2006 (Mar - Dec)	-7.2	-20.2
Last 3 months	-6.0	-8.2
Last 6 months	-4.3	-10.1
Last 1 year	11.1	5.2
Last 3 years	-29.2	-52.6
Last 5 years	22.1	-33.0
Since Inception (Mar 06 - Jul 11)	5.8	-46.5

Fund Information

Launch Date	March 2006
Management Fee	1.5%
Performance Fee	10% over 10% pa
Subscription & Redemption	Weekly
Dealing Day	Wednesday
Subscription & Redemption Deadline	Two Business days before Dealing Day
Minimum Subscription	US\$100,000
Bloomberg Code	SICGULF BI
Zawya Code	SICOGF.MF
Fund ISIN Code	BH000A1CZ855
Custodian/ Administrator	HSBC Bahrain

Top Holdings

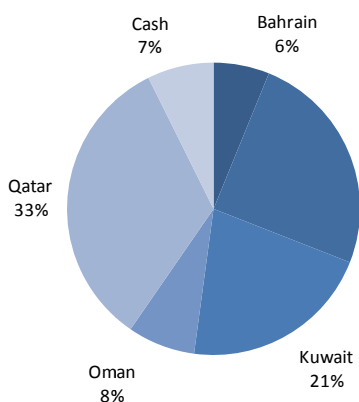
Name	Country	(%)
Qatar National Bank	Qatar	6.4
Industries Qatar	Qatar	6.0
Qatar Navigation	Qatar	5.0

Risk Statistics

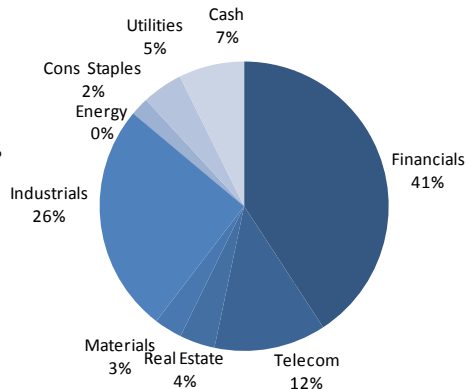
Annualised Standard Deviation (%)	19.8
Sharpe Ratio	NA
Tracking Error (%)	11.5
Information Ratio	1.0
Beta	0.7
Alpha (%)	7.6

* For further information contact assetmanagement@sicobahrain.com

Country Allocation



Sector Allocation



Key Statistics

	Fund	Index
Price Earnings Multiple TTM (x)	13.7	13.2
Price to Book Multiple Latest (x)	1.9	1.4
Return on Equity TTM (%)	15.6	10.9
Dividend Yield 2010 (%)	4.6	4.6
Number of Holdings	26	144
Annualized Return (%)	1.0	-10.9
Largest Monthly Gain (%)	12.6 (Apr 09)	15.4 (May-09)
Largest Monthly Loss (%)	-14.9 (Oct 08)	-24.4 (Oct-08)
% of Positive Months	54	48
Maximum Drawdown- Peak to Trough (%)	-47.8	-67.5
Length of Drawdown (months)	9	12
Recovery from recent trough (%)	33.5	36.9