

SICO Gulf Equity Fund

Fact Sheet - May 31, 2008

NAV US\$151.93  2.2%

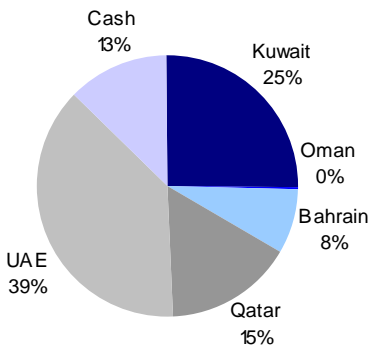
Manager's Commentary

The GCC markets generally remained range bound in May after generating strong returns during the preceding month. In the UAE, Dubai declined by 1% while Abu Dhabi remained flat. Similarly, Kuwait and Bahrain moved in a narrow band and posted modest gains. Qatar (+5%) and Oman (+3%) were the only exceptions where the positive momentum remained intact. Meanwhile, the Saudi market declined by 6% and remains the worst performing regional market on a year to date basis.

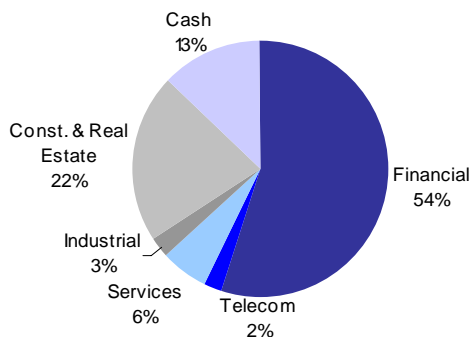
The regional and international investors generally remained cautious and in a profit taking mode in absence of any positive news flow. Similarly, mixed signals regarding improvement in the global economy and stock markets led to a more cautious undertone in the markets. The latest economic data released by regional central banks showed that inflation continues to be on the rise and remains a potent threat to the region's sustainable economic growth. With most of the regional currencies pegged to the US dollar, the central banks and governments in the GCC have limited monetary flexibility to combat inflation.

Nevertheless, the NAV of SICO Gulf Equity Fund appreciated by 2.2% compared to a 0.9% drop in the MSCI GCC ex Saudi index. Note that the fund is up 19.3% since the beginning of year versus a 2.1% increase in its benchmark, showing that stock picking has helped us in producing above average returns for our fund investors. Our fund's strong performance can mainly be attributed to our investments in banking stocks in Qatar. Our holdings in Kuwait also contributed positively to the fund's return. We took advantage of the steep rise in the Qatari market and did some profit taking during the month. At the same time, we increased our exposure in selective UAE equities. Resultantly, the cash allocation increased to 13% but gives us the flexibility to invest in some fresh investment ideas that we have identified as a result of our recent management meetings.

Country Allocation



Sector Allocation



Fund Statistics

| | |
|--------------------------------------|---------------|
| Price Earnings Multiple 2008 (x) | 11.1 |
| Price to Book Multiple Latest (x) | 3.3 |
| Dividend Yield 2007 (%) | 3.4 |
| Number of Holdings | 32 |
| Annualized Return (%) | 20.4 |
| Largest Monthly Gain (%) | 8.4 (Dec 07) |
| Largest Monthly Loss (%) | -9.2 (Nov 06) |
| % of Positive Months | 67 |
| 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 |
|---------------------------------|-------|-------------------------|
| May 2008 | 2.2 | (0.9) |
| Year to Date 2008 | 19.3 | 2.1 |
| Last 3 months | 8.3 | (4.4) |
| Last 6 months | 29.3 | 7.5 |
| Last 12 months | 43.0 | 13.5 |
| 2007 | 37.2 | 35.4 |
| 2006 (Mar - Dec) | (7.2) | (18.8) |
| Since Inception (Mar 06-May 08) | 51.9 | 12.2 |

Top Holdings

| Name | Country | (%) |
|------------------|---------|-----|
| Emaar Properties | UAE | 7.5 |
| Arabtec | UAE | 5.7 |
| Agility | Kuwait | 5.1 |

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 | SICO Funds Services |
| Auditors | Price Waterhouse Coopers |

Risk Statistics

| | |
|-------------------------------|------|
| Annualised Standard Deviation | 15.0 |
| Sharpe Ratio | 1.03 |
| Information Ratio | 1.83 |
| Beta | 0.72 |
| Alpha (%) | 15.3 |

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بنك استثماري **sico**
Investment Bank

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