

SICO Gulf Equity Fund

Fact Sheet - October 31, 2008

NAV US\$97.64 ↓ 14.9%

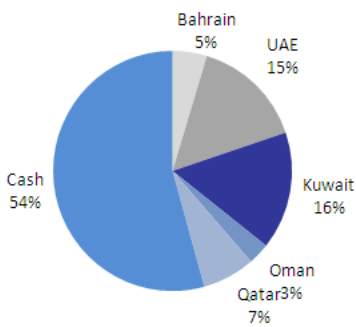
Manager's Commentary

The global equity markets remained in an extremely perilous situation during October despite large scale government interventions to stem the financial crisis. The US and European nations pledged multi-billion dollar funds to recapitalize banks while central banks announced drastic interest rate cuts. However, economic indicators continued to point towards a global recession while investors worried about the depth and duration of its impact. This negative sentiment was also reflected in the regional market performance as the GCC bourses plunged even more sharply than the preceding months. It is estimated that another US 214bn were wiped out in aggregate market capitalization of GCC in October. Dubai, Oman and Qatar lost between 25-30% of their market value while Abu Dhabi and Bahrain lost 16% and 10% respectively. Market conditions were also grim in Kuwait (-24%) where increasingly agitated traders staged several protests demanding legal action to curb market losses.

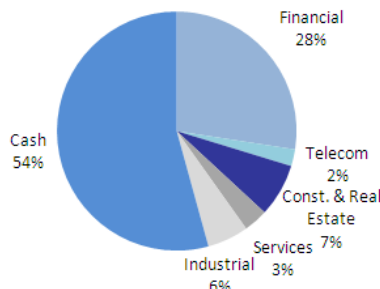
Within the GCC markets, Dubai accounted for the highest year to date loss (50%). It appears that investors have grown deeply concerned about the prospects of the real estate sector and the high debt levels of Dubai Inc. (including government and government owned companies). The financial sector in the GCC is also being heavily scrutinized as positive news remains in short supply. News of significant losses on foreign derivatives incurred by Kuwait's second largest bank was far from encouraging.

The NAV of SICO Gulf Equity Fund decreased by 14.9% in October while, the MSCI GCC ex Saudi index decreased by 23.2%. During the month, we opted to remain liquid and increased our cash allocation from 43% to 54%. We reduced our exposure in the UAE real estate equities based on the overriding negative investor sentiment while selectively investing in some regional financial stocks. Currently, we are in process of rebalancing our portfolio and will continue to uphold our bottom up investment style in seeking out defensive stocks. It is noteworthy that despite adverse circumstances, our fund is one of the best performing funds on a year to date basis.

Country Allocation



Sector Allocation



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
October 2008	-14.9	-23.2
YTD (Jan 08 - Oct 08)	-23.3	-38.7
Last 3 months	-34.7	-38.4
Last 6 months	-34.3	-40.5
Last 12 months	-19.1	-38.3
2007	37.2	35.4
2006 (Mar - Dec)	-7.2	-18.8
Since Inception (Mar 06 - Oct 08)	-2.4	-32.6

Top Holdings

Name	Country	(%)
Burgan Bank	Kuwait	3.7
Sorouh Real Estate	UAE	2.3
Qatar Telecom	Qatar	2.3

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

Risk Statistics

Annualised Standard Deviation(%)	20.5
Sharpe Ratio	-0.29
Information Ratio	1.39
Beta	0.78
Alpha (%)	8.82

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Fund Statistics

Price Earnings Multiple 2008 (x)	6.8
Price to Book Multiple Latest (x)	1.6
Dividend Yield 2007 (%)	5.1
Number of Holdings	28
Annualized Return (%)	-0.89
Largest Monthly Gain (%)	8.4 (Dec 07)
Largest Monthly Loss (%)	-14.9 (Oct 08)
% of Positive Months	56
Maximum Drawdown- Peak to Trough (%)	-35.7
Length of Drawdown (months)	5
Time to Recovery (months)	n/a

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بنك استثماري sico
Investment Bank

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