

SICO Gulf Equity Fund

Fact Sheet - October 31, 2009

NAV US\$ 112.86 ↓ 2.7%

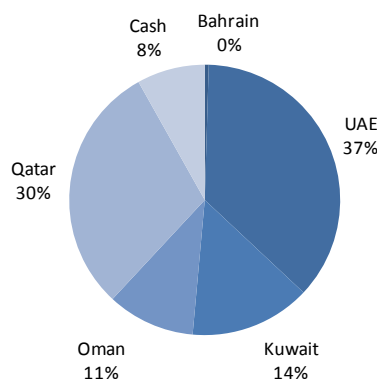
Manager's Commentary

The GCC markets lost momentum towards the latter part of the month despite starting on a positive note. Kuwait was the worst performing bourse and lost 6% of its value. Zain was once again at the forefront of the decline as its share price lost 10.7% during October. Over the last two month, its share price has lost 23.7% of its value as ambiguity regarding the Kharafi stake sale heightened. Qatar, Oman and Abu Dhabi fell in the range of 3-4% as majority of the stocks experienced profit taking.

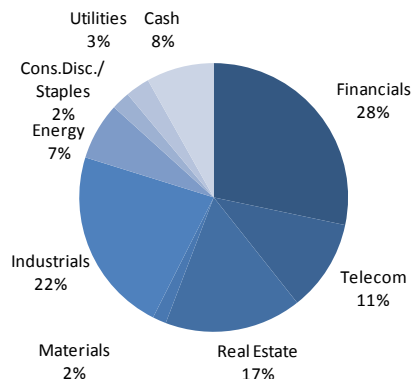
The NAV of SICO Gulf Equity Fund declined by 2.7% as compared to a 5.7% drop in the benchmark. For this year, the fund is up 28.0% while the benchmark is up 11.8%. The fund's significant out performance for this year is mainly attributable to our negative stance on the overall Kuwaiti market since the beginning of the year along with good stock selection in the UAE and Qatar. During the month, we took advantage of the weakness in the markets and invested in selected securities which we believe offer good medium to long term prospects. As a result, we reduced our cash allocation to 8% from 17% as of end September. We would look to further reduce our cash allocation if the markets continue to slide.

With most of the companies announcing third quarter earnings in October, the results have shown quarter on quarter improvement especially within the telecom and real estate companies. Moreover, certain UAE and Saudi banks also announced decent numbers owing to lower than expected provisioning. Despite this, investors took this opportunity to realize profits and reduce equity positions. We continue to remain positive in the medium to long term and believe that the key catalysts would be the fourth quarter results, approaching of the dividend season and the continued underperformance of the GCC markets vis-à-vis the international markets.

Country Allocation



Sector Allocation



Fund Statistics

Price Earnings Multiple TTM (x)	10.0
Price to Book Multiple Latest (x)	1.7
Dividend Yield 2008 (%)	3.4
Number of Holdings	29
Annualized Return (%)	4.2
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
Recovery from recent trough (%)	42.4

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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
Oct 2009	-2.7	-5.7
YTD 2009 (Jan- Oct)	28.0	11.8
Last 3 months	4.9	3.4
Last 6 months	18.5	25.3
Last 1 year	15.6	-16.4
Last 3 years	14.2	-33.5
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 – Oct 09)	12.9	-43.4

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	6.3
Arabtec	UAE	5.4
Sorouh Real Estate	UAE	5.4

Risk Statistics

Annualised Standard Deviation(%)	21.0
Sharpe Ratio	-0.1
Information Ratio	1.3
Beta	0.7
Alpha (%)	11.2

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