

Khaleej Equity Fund

Fact Sheet - August 2015



NAV US\$ 289.7 ↓ 0.8%

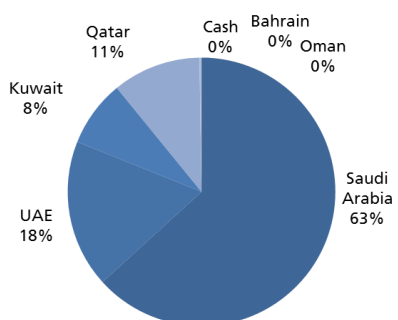
Manager's Commentary

Regional markets experienced significant correction in August, declining by 13% for the month. A confluence of factors, including the falling price of oil, worries over China, and emerging markets, contributed to the correction. Saudi Arabia bore the brunt of the declines falling by 17%, followed by Dubai (-12%) and Abu Dhabi (-7%). On the other hand the Qatari market was relatively resilient and declined by just 2%.

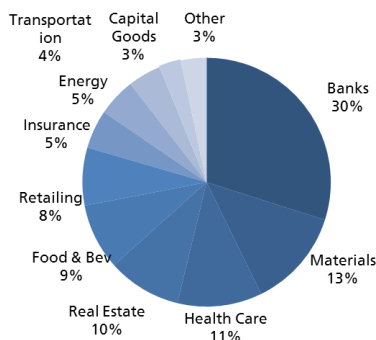
In August your fund fell by 12.9%, broadly in line with the market. Although our top holdings such as Bupa, Agthia and Dubai Parks performed relatively well, our ability to significantly outperform the index was limited by our underweight in Qatar and overweight in Saudi and the UAE, which were the two worst performing markets. Falls in the Qatari market were cushioned by net buying by government related entities and reports that the Qatari index would be upgraded to the FTSE emerging market index. YTD the fund continues to maintain a healthy level of outperformance compared to the index.

In August almost all stocks declined at the same rate despite underlying fundamentals. Hence, we are capitalizing on this opportunity and increasing our exposure to companies that we deem are fundamentally attractive. For instance we continue to increase our allocation to consumer companies as we believe the declines in the consumer sector are not underpinned by its underlying fundamentals. In addition, we are also increasing our allocation to high dividend yielding stocks as subsequent the correction, number of companies look attractive in terms of dividend yield.

Country Allocation



Sector Allocation



Key Statistics

	Fund	Index
Price Earnings Multiple TTM (x)	16.3	16.2
Price to Book Multiple Latest (x)	2.8	2.1
Return on Equity TTM (%)	17.1	12.9
Dividend Yield – 2014 (%)	4.6	4.8
Number of Holdings	34	276
Annualized Return (%) – Last 5 years	8.7	3.0
Annualized Standard Deviation (%) - Last 5 years	14.3	17.6
Largest Monthly Gain (%)	14.8 (Mar 05)	17.6 (Mar 05)
Largest Monthly Loss (%)	-20.3 (Oct 8)	-24.7 (Oct 08)
% of Positive Months	59	55
Success Ratio (%)	60	na
Maximum Drawdown-Peak to Trough (%)	-47.4	-62.6
Length of Drawdown (months)	9	9
Recovery from Maximum Drawdown (%)	93.7	59.5

Investment Objective

The Fund seeks long-term capital appreciation by investing principally in equity securities listed on the stock markets of GCC countries.

Returns (%)

	Fund	Index*
Aug 2015	-12.9	-13.2
YTD (Jan-Aug)	-0.5	-9.9
2014	4.7	-2.5
2013	28.4	25.0
2012	5.9	3.2
2011	-5.9	-8.2
2010	14.1	12.8
2009	16.9	14.1
2008	-33.9	-55.3
2007	43.9	35.4
2006	-13.9	-40.2
Last 3 months	-13.6	-16.1
Last 6 months	-8.3	-16.1
Last 1 year	-16.6	-29.5
Last 3 years	33.9	8.1
Last 5 years	51.7	15.9
Last 10 years	46.8	-46.3
Since Inception(Mar04– Aug15)	189.7	41.4

* S&P GCC Composite Index

Fund Information

Launch Date	March 2004
Management Fee	1.5%
Performance Fee	10% over 10%
Subscription & Redemption	Weekly
Dealing Day	Thursday
Subscription & Redemption Deadline	Two Business Days before Dealing Day
Minimum Subscription	US\$100,000
Bloomberg Code	KHALEQY BI
Fund ISIN Code	BH000A1CZ8W7
Custodian/ Administrator	HSBC, Bahrain

Top Holdings

Name	Country	(%)
Dubai Parks	UAE	5.4
SAMBA	Saudi	5.2
Bupa	Saudi	5.0

Risk Statistics (Last 5 years)

Annualized Standard Deviation (%)	14.9
Sharpe Ratio	0.38
Tracking Error (%)	4.5
Information Ratio	1.3
Alpha (%)	5.7

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Investment Bank