

# Khaleej Equity Fund

Fact Sheet - February 28, 2007

NAV US\$175.94 ↑ 2.5%

## Manager's Commentary

The majority of the regional markets were rangebound during February and posted slightly positive to negative returns. Saudi Arabia was the exception and managed to pull back a strong recovery (+16.1%) after declining for four consecutive months.

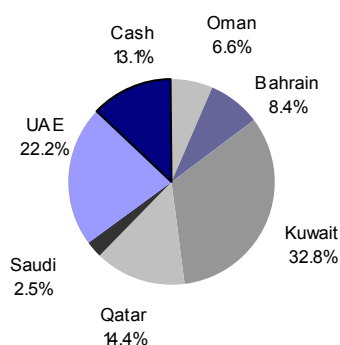
The NAV of Khaleej Equity Fund increased by 2.5% during the month owing to appreciation in selected equities in Kuwait, Qatar and the UAE. In terms of allocation moves, we continued to increase our exposure to Saudi equities on the back of strong recovery and momentum in the market. However, towards the end of the month, we engaged in profit taking because of the sharp increase in prices and volatility of Saudi equities. We further trimmed our positions in Oman and used the cash to increase our allocation to Industries Qatar. We remain positive on the future prospects of Industries Qatar as the completion of its expansion projects has started to translate into higher profitability (fourth quarter profits were the highest in their history).

We remain optimistic on the overall outlook for the GCC bourses. However, the recent upsurge in the Saudi market was not only sharp but was also accompanied by a high degree of volatility. The Saudi market, therefore, might be due for some correction. We would take advantage of the corrections and invest in undervalued stocks. At the same time, we will resort to profit taking in stocks that reach their target values.

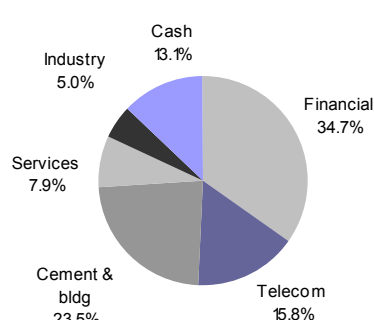
## Fund Statistics

Price Earnings Multiple 2006 (x)	11.3
Dividend Yield 2005 (%)	3.9
Number of Holdings	34
Annualized Return (%)	21.4
Largest Monthly Gain (%)	14.7% (Mar 05)
Largest Monthly Loss (%)	-8.2% (May 06)
% of Positive Months	66.7
Annualized Standard Deviation (%)	16.6
Sharpe Ratio	0.99
Maximum Drawdown (%)	-21.8

### Country Allocation



### Sector Allocation



\* For further information contact Marketing at: [marketing@sicobahrain.com](mailto:marketing@sicobahrain.com)

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## Investment Objective

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

## Fund Returns (%)

	Fund	MSCI GCC Index
February 2007	2.5	6.9
Year to Date 2007	2.6	2.3
Last 3 months	6.0	3.5
Last 6 months	4.0	-14.8
Last 12 months	-10.2	-46.9
2006	-13.9	-45.9
2005	56.8	na*
2004 (April - Dec)	27.0	na*
Since Inception	75.9	na*

\* Benchmark was launched in June 2005

## Top Holdings

Name	Country	(%)
Emaar Properties	UAE	8.4
MTC	Kuwait	7.4
Burgan Bank	Kuwait	5.1

## Fund Information

Launch Date	March 15, 2004
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	<SICO>
Bloomberg Code	KHALEQY BI
Fund Listing	Bahrain Stock Exchange
Custodian	Gulf Clearing Company

## Management Team

Shakeel Sarwar  
Naveed Ahmed, CFA  
Serkan Altay  
Faisal Jiwani  
Khair Fakhro  
Hasan Haider

Investment Bank **sico**