

# Khaleej Equity Fund

Fact Sheet - June 30, 2007

NAV US\$198.84 ↑ 0.8%

## Manager's Commentary

The GCC markets posted diverse returns in June, with Kuwait (+5.6%) leading the group, followed by Bahrain (+4.3%). Both the UAE indices (the top gainers last month) lost ground to close in negative territory (-0.9% and -1.5% respectively). The Saudi index was the biggest loser, closing at its lowest point since January 2007 (-7.0%).

Khaleej Equity Fund rose 0.8% for the month. Our strategy of unearthing strong investment ideas has enabled the fund to beat the benchmark MSCI GCC Index which fell 2.6%. The main contributor to your fund's gains came from the Bahraini market which was championed by financials such as Gulf Finance House (16%), Ahli United Bank and Bahrain Islamic Bank (11% each).

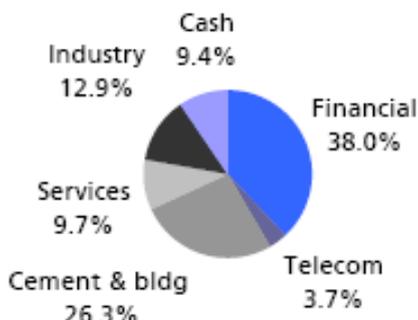
In Bahrain, GFH continued to rally ahead of their UK listing, while AUB rose on news it would be buying a 35% stake in Oman's Alliance Housing Bank, effectively giving AUB valuable access to the Omani market. In Kuwait, the fund gained from our exposure to Global Investment House (18%), which rallied strongly on news that the company acquired a license to operate in Saudi Arabia.

In Qatar, we built a position in Qatar Islamic Bank (QIB) as we feel the bank offers strong fundamentals at cheaper valuations compared to domestic and regional peers. With access to a growing depositor base, and one of the highest spreads in the region, it is no surprise that QIB's profitability ratios are also among the highest in the region.

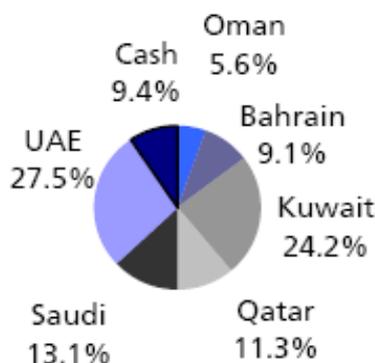
## Fund Statistics

Price Earnings Multiple 2007 (x)	13.7
Dividend Yield 2006 (%)	3.9
Number of Holdings	39
Annualized Return (%)	23.6
Largest Monthly Gain (%)	14.7% (Mar 05)
Largest Monthly Loss (%)	-8.2% (May 06)
% of Positive Months	71.8
Annualized Standard Deviation (%)	16.1
Sharpe Ratio	1.16
Maximum Drawdown (%)	-21.8

## Country Allocation



## Sector Allocation



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

## 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
June 2007	0.8	-2.6
Year to Date 2007	16.0	9.3
Last 3 months	11.5	8.8
Last 6 months	16.0	9.3
Last 12 months	20.7	-17.8
2006	-13.9	-45.9
2005	56.8	na*
2004 (April - Dec)	27.0	na*
Since Inception	98.8	na*

\* Benchmark was launched in June 2005

## Top Holdings

Name	Country	(%)
Emaar Properties	UAE	8.2
SABIC	Saudi Arabia	6.1
Gulf Finance House	Bahrain	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	<SIC0>
Bloomberg Code	KHALEQY BI
Fund Listing	Bahrain Stock Exchange
Custodian	Gulf Clearing Company

## Management Team

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Investment Bank

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