

Khaleej Equity Fund

Fact Sheet - April 2012

NAV US\$ 224.61 ↓ 1.4%

Manager's Commentary

The GCC markets declined in April after a four month rally primarily as investors booked profits amidst concerns over the health of the Eurozone. S&P GCC index declined by 3.1% for the month as four out of the seven markets closed in negative territory. Saudi Arabia, which appreciated by 25% in the last four months took a breather and contracted by 3.5% in April. Abu Dhabi and Dubai followed suit and lost 1.9% and 1.1% respectively. Qatar was marginally down and lost 1%. Oman and Kuwait posted positive returns and were up 3.1% and 3.3% respectively while Bahrain remained flat.

The GCC markets remained lackluster despite the fact that the markets posted healthy growth in corporate earnings during the first quarter. Overall, the market earnings grew by around 11% in 1Q2012 compared to 1Q2011, and around 30% compared to 4Q2011. With the exception of Qatar which remained flat, rest of the markets posted double digit growth in earnings. In case of Qatar, Industries Qatar's profits were impacted by lower petrochemical prices while lower loan growth and shrinking margins impacted the profitability of the banking sector. The regional investors remained jittery on account of a potential Greek exit from the Eurozone, possible slowdown in China and cracks in US economic recovery as these external risks and contingencies can negatively impact oil demand and prices.

Khaleej Equity Fund declined by 1.4% in April compared to a 3.1% decline in the benchmark. The fund benefited from not having exposure to the speculative segment of the market which witnessed sharp declines. In fact, the consumer and defensive stocks within the portfolio posted modest gains. We took advantage of the sharp declines in share prices of some of the fundamentally solid blue chips and topped up our exposure in them. Consequently, the cash allocation declined from 10% to 4% as of end April. Irrespective of the short term market volatility, our strategy will be to remain invested and try not to time or trade volatility in the markets. We have strong conviction in the investments that we have made and believe there is considerable value and long term upside potential in them.

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 | S&P GCC Index |
|--------------------------------|-------|---------------|
| April 2012 | -1.4 | -3.1 |
| YTD 2012 (Jan -Apr) | 9.8 | 11.1 |
| 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 |
| 2005 | 56.8 | 103.9 |
| 2004 (Mar - Dec) | 27.0 | 43.3 |
| Last 3 months | 8.5 | 9.3 |
| Last 6 months | 11.4 | 12.2 |
| Last 1 year | 3.6 | 2.4 |
| Last 3 years | 27.7 | 25.8 |
| Last 5 years | 22.6 | -17.2 |
| Since Inception (Mar 04-Apr12) | 124.6 | 38.8 |

Fund Information

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

Top Holdings

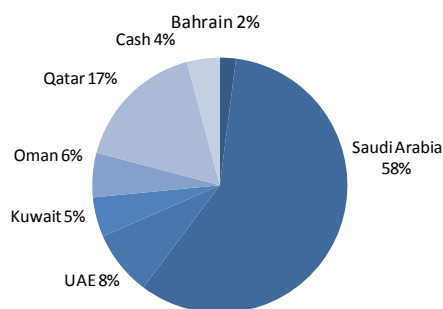
| Name | Country | (%) |
|------------------------|---------|-----|
| Saudi Basic Industries | Saudi | 5.2 |
| Industries Qatar | Qatar | 4.6 |
| Ethiad Etisalat | Saudi | 4.6 |

Risk Statistics

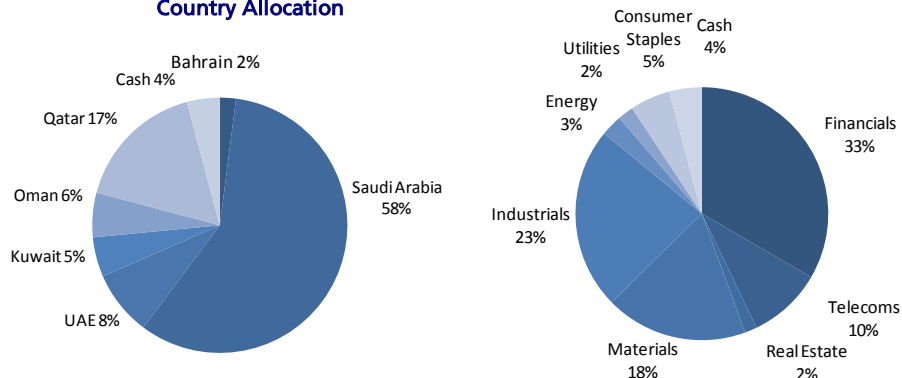
| | |
|-----------------------------------|------|
| Annualized Standard Deviation (%) | 18.7 |
| Sharpe Ratio | 0.4 |
| Tracking Error (%) | 13.2 |
| Information Ratio | 0.5 |
| Alpha (%) | 6.4 |
| Beta | 0.7 |

For further information contact: assetmanagement@sicobahrain.com

Country Allocation



Sector Allocation



Key Statistics

| | Fund | Index |
|--------------------------------------|----------------|----------------|
| Price Earnings Multiple TTM (x) | 12.3 | 13.5 |
| Price to Book Multiple Latest (x) | 2.6 | 1.7 |
| Return on Equity TTM (%) | 20.8 | 12.5 |
| Dividend Yield - 2011 (%) | 4.6 | 4.0 |
| Number of Holdings | 33 | 269 |
| Annualized Return (%) | 10.5 | 4.1 |
| Annualized Standard Deviation (%) | 18.7 | 23.6 |
| Largest Monthly Gain (%) | 14.8 (Mar 05) | 17.6 (Mar 05) |
| Largest Monthly Loss (%) | -20.3 (Oct 08) | -24.7 (Oct 08) |
| % of Positive Months | 59 | 55 |
| Maximum Drawdown- Peak to Trough (%) | -47.4 | -62.6 |
| Length of Drawdown (months) | 9 | 9 |
| Recovery from recent trough (%) | 50.2 | 56.5 |

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