



# Khaleej Equity Fund

Fact Sheet - April 2014

NAV US\$ 312.96 ↑ 3.0%

## Manager's Commentary

The regional bourses continued to post positive returns with the S&P GCC Index recording its eighth consecutive monthly gain. Dubai's stellar run continued in April as the market appreciated by 13.7%, extending its gain for the year to over 50%. The market witnessed another leg of fresh buying interest after the large caps announced better than expected first quarter results. Qatar also posted a strong return and increased by 8.9% owing to buying interest in Islamic companies. Abu Dhabi increased by 5.2% while Saudi Arabia and Kuwait appreciated by around 2%. Oman was the only market to post a negative return and declined by 1.9% in April.

The NAV of Khaleej Equity Fund increased by 3% in April bringing it year to date gains at 12.5%. The fund benefited from sharp and broad based increases in its UAE holdings as well as stock specific gains in Saudi Arabia. The benchmark, on the hand, continued to benefit from the rally in the small and speculative segment of the market as evident from the 7.6% rise in the S&P GCC Small Cap Index versus 2.8% return for the overall composite index. The fund has underperformed the benchmark this year primarily due to the same reason – sharp rally in the small caps as highlighted by the 20% rise in the small cap index compared to the 13.3% rise in the overall index. Another interesting statistic is that around 50% of the total benchmarks' return for April and Year to Date have come from stocks with a weight of less than 1% in the benchmark, clearly implying that large cap, blue chip companies have lagged the rally this year.

Given the strong start to the year, we expect some short term consolidation and profit taking to occur. However, investor interest remains high and any sharp correction could be construed as a good entry point for investors who have missed this rally and are waiting on the sidelines for an appropriate entry point. We remain focused on having undervalued stocks in the portfolio and investing based on GARP (Growth At a Reasonable Price). Moreover, recently, we met the management teams of approximately 60 companies in the region which has helped us to finalize several new investment ideas and themes.

## Investment Objective

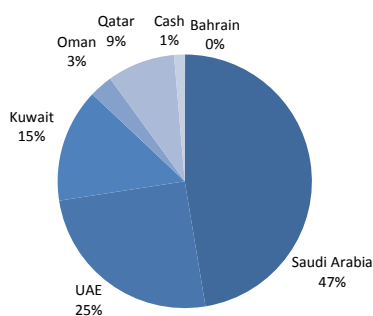
The Fund seeks long-term capital appreciation by investing principally in equity securities listed on the stock markets of GCC countries.

### Returns (%)

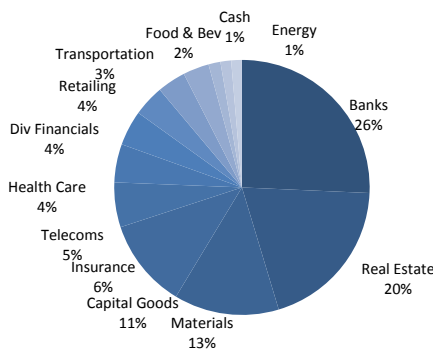
	Fund	Index*
April 2014	3.0	2.8
2014 (Jan-Apr)	12.5	13.3
2013	28.4	25.0
2012	5.9	3.2
2011	-5.9	-8.2
2010	14.1	12.8
2009	16.9	14.1
2008	-33.9	-55.3
2007	43.9	35.4
2006	-13.9	-40.2
Last 3 months	9.4	9.5
Last 6 months	16.9	20.1
Last 1 year	26.9	32.6
Last 3 years	44.4	34.7
Last 5 years	78.0	65.4
Last 10 years	207.8	78.8
Since Inception (Mar 04–Apr14)	213.0	82.5

\* S&P GCC Composite Index

### Country Allocation



### Sector Allocation



### Key Statistics

	Fund	Index
Price Earnings Multiple TTM (x)	15.4	16.6
Price to Book Multiple Latest (x)	2.4	2.1
Return on Equity TTM (%)	15.7	12.5
Dividend Yield – 2013 (%)	3.5	3.2
Number of Holdings	41	276
Annualized Return (%) – Last 5 years	12.2	10.6
Annualized Standard Deviation (%) Last 5 years	12.9	12.9
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	62	58
Success Ratio (%)	52	NM
Maximum Drawdown-Peak to Trough (%)	-47.4	-62.6
Length of Drawdown (months)	9	9
Recovery from Maximum Drawdown (%)	109.2	105.8

### 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	(%)
Emaar Properties	UAE	5.4
Saudi Basic Industries	Saudi	5.1
Aldar Properties	UAE	3.5

### Risk Statistics (Last 5 years)

Annualized Standard Deviation (%)	12.9
Sharpe Ratio	0.7
Tracking Error (%)	4.0
Information Ratio	0.4
Alpha (%)	3.8
Beta	0.7

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