

# Khaleej Equity Fund

Fact Sheet - April 2016



NAV US\$ 275.13 ↑7.5 %

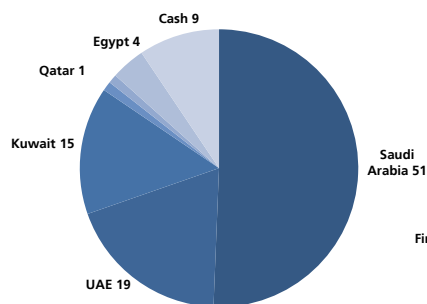
## Manager's Commentary

The regional markets extended their positive run in April underpinned by 20% increase in price of oil. Saudi Arabia was the best performing market gaining ca.10%. The Saudi market was driven by the petrochemical sector which reported better than expected earnings. In the first quarter petrochemical sector benefited from improved margins despite the volatility in the price of oil. Oman and the UAE also posted healthy gains and were up by 9%, 4% respectively. Qatar and Bahrain on the other hand declined by 2%.

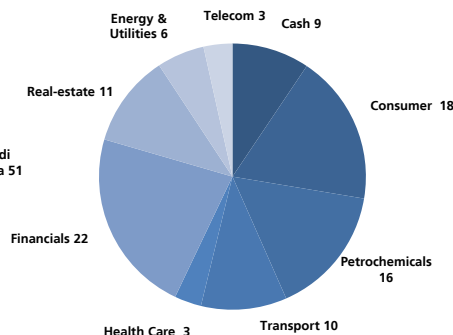
During the month your fund was up by 7.5% outperforming the index which was up by 5.7%. The funds' investments in SADAFCO and selected petrochemicals contributed to its outperformance. SADAFCO which is a core holding in the fund, reported 85% YoY increase in net income primarily due to lower skimmed milk powder prices. Global milk powder prices have been falling for the past two years due to excess supply in Europe & New Zealand and weak demand in China & Russia. In addition, if the Saudi government continues to increase the cost of utilities and taper subsidies, we believe SADAFCO is well positioned to gain market share from its peers as it utilizes significantly lower water and electricity in the production of its products.

During the month we capitalized on the rally in markets to reduce our petrochemical exposure. We are encouraged by the resilience in the price of oil despite OPEC's failure to agree on a freeze in production. We are however concerned by the issues faced by the contracting sector in Saudi Arabia and the risk of cotangent for the rest of the economy; hence we continue to position the portfolio relatively defensively by limiting exposure to the construction and consumer discretionary companies.

### Country Allocation %



### Sector Allocation %



## Key Statistics

	Fund	Index
Price Earnings Multiple TTM (x)	14.9	13.8
Price to Book Multiple Latest (x)	1.7	1.4
Return on Equity TTM (%)	11.7	10.5
Dividend Yield - 2014 (%)	3.7	4.1
Number of Holdings	38	276
Annualized Return (%) - Last 5 years	4.9	-0.9
Annualized Standard Deviation (%) - Last 5 years	15.2	16.0
Largest Monthly Gain (%) Last 5 years	12.0 (April 15)	10.1 (April 15)
Largest Monthly Loss (%) Last 5 years	12.9 (Aug 15)	13.9 (Aug 15)
% of Positive Months	59	56
Success ratio % Last 5 years	55	
Latest drawdown-Peak to Trough (%)	-29.2	-42.2
Length/Duration of Drawdown - (months)	Aug14- Jan16 17	Aug14- Jan16 17
Recovery from Latest Drawdown (%)	Feb16- April16 12.9	Feb16- April16 11.7

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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.

## Returns (%)

	Fund	Index*
April 2016	7.5	5.7
YTD (April 2016)	0.7	-0.2
2015	-6.2	-17.4
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	12.9	11.7
Last 6 months	-2.5	-4.9
Last 1 year	-18.8	-25.1
Last 3 years	11.6	-6.0
Last 5 years	26.9	-4.5
Last 10 years	53.4	-47.7
Since Inception(Mar04-April16)	175.1	29.4

\*S&P GCC 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 B
Fund ISIN Code	BH000A1CZ8W7
Custodian/ Administrator	HSBC, Bahrain

## Top Holdings

Name	Country	(%)
Al Rajhi	Saudi	8.3
Emaar	UAE	6.4
SADAFCO	Saudi	5.2

## Risk Statistics (Last 5 years)

Annualized Standard Deviation (%)	15.2
Sharpe Ratio	0.12
Tracking Error (%)	4.2
Information Ratio	1.4
Alpha (%)	5.6
Beta	0.9

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