

Khaleej Equity Fund

Fact Sheet - August 2012

NAV US\$ 216.34 ↑ 2.6%

Manager's Commentary

The regional bourses continued their upward trend with majority of the markets posting positive returns in August. The markets primarily tracked oil prices (+10%) that rose on the hope of further quantitative easing being provided to stimulate global economies. Saudi Arabia was the top performing GCC bourse, rising 3.8% with bulk of the return coming during the last week of the month. Abu Dhabi, Qatar and Oman were up around 2.0-2.5% while Dubai closed flat. Bahrain was an exception and declined by 1.2%.

The NAV of Khaleej Equity Fund appreciated by 2.6% largely in line with the benchmark which appreciated by 2.7%. The fund primarily benefited from the rise of selected industrial stocks from Saudi Arabia that rose in the range of 10%-15%. In addition, banking sector stocks from the UAE and Oman also contributed to the positive performance. Our top holding - Etihad Etisalat continued to attract investor interest as its share price rose another 8.5% based on its strong underlying fundamentals.

During the month, we took advantage of the rally in selected stocks from Saudi Arabia and the UAE and booked profits. In addition, we trimmed our exposure to cyclical names that we believe would be affected by the slowdown of the Asian economies. As a result, the cash portion of the fund increased to 12%. This is a temporary allocation move as we intend to re-deploy this cash in both fresh investment ideas and existing holdings. We continue to favor the Saudi market and would focus on selected mid to large caps names that have sound business models with good earnings visibility.

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
August 2012	2.6	2.7
YTD 2012 (Jan -Aug)	5.8	4.7
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	2.5	0.7
Last 6 months	-1.3	-4.1
Last 1 year	8.8	8.4
Last 3 years	9.0	6.7
Last 5 years	5.8	-31.0
Since Inception (Mar 04-Aug12)	116.3	30.8

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

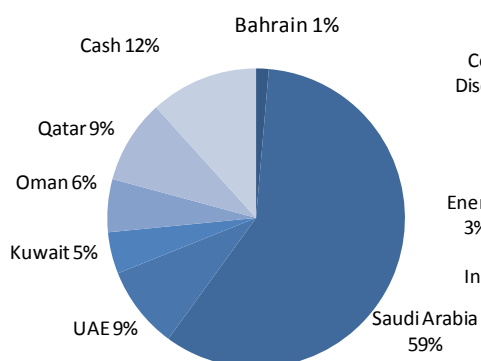
Name	Country	(%)
Etihad Etisalat	Saudi	6.3
Saudi Basic Industries	Saudi	4.0
Al Rajhi Bank	Saudi	4.0

Risk Statistics

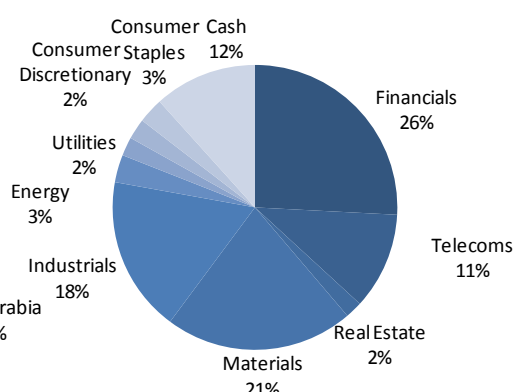
Annualized Standard Deviation (%)	18.5
Sharpe Ratio	0.3
Tracking Error (%)	13.0
Information Ratio	0.5
Alpha (%)	6.1
Beta	0.7

For further information contact: assetmanagement@sicobahrain.com

Country Allocation



Sector Allocation



Key Statistics

	Fund	Index
Price Earnings Multiple TTM (x)	10.8	13.0
Price to Book Multiple Latest (x)	2.5	1.6
Return on Equity TTM (%)	23.4	12.5
Dividend Yield - 2011 (%)	4.6	4.2
Number of Holdings	33	264
Annualized Return (%)	9.6	3.2
Annualized Standard Deviation (%)	18.5	23.1
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	58	55
Maximum Drawdown-Peak to Trough (%)	-47.4	-62.6
Length of Drawdown (months)	9	9
Recovery from recent trough (%)	44.6	47.5

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