

Khaleej Equity Fund

Fact Sheet - August 2016



NAV US\$ 269.8 ↓ 2.2 %

Manager's Commentary

In the month of August S&P GCC index fell by 0.8%. The declines were primarily driven by Financials in Saudi Arabia. News reports on the dire state of Saudi Oger, the second biggest contractor in the Kingdom yet again directed the investors' attention towards the liquidity constraints faced by the Saudi contracting sector. The Qatari market was on the other hand was up 3.6% mainly due to inflows in anticipation of the upcoming index upgrate.

During the month your portfolio was down by 2.2% and underperformed the market. Funds limited exposure to the Qatari market contributed to the underperformance during the month. Over the past two months, Qatari market has seen approximately USD 100m of foreign inflows, this helped the Qatari market increase by 13% during the period. Although we did expect the market to spike due to this influx in liquidity, we resolved not to participate in this short-term momentum driven trade. We are of the opinion that the Qatari market is trading at significant premium given its underlying fundamentals. We believe the market is overestimating the future growth prospect of the Qatari economy, as we expect anticipated increase in global LNG supply to depress LNG prices for an extended period.

Saudi Arabia is scheduled to start its international bond issuances in October and in addition there are reports that OPEC may finally agree on a frame work which may lead to an agreement on oil output. The success of these two events could dictate the direction of the market in the near future. Given the steep declines in Saudi, number of companies are looking fundamentally attractive, and hence we intend to gradually increase our allocations to the market. In addition we also intend to selectively increase our exposure in the IIAF

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*
Aug 2016	-2.2	-0.8
YTD (July 2016)	-1.3	-1.8
2015	-6.2	-14.6
2014	4.7	0.6
Last 3 months	-0.2	0.6
Last 6 months	7.7	5.7
Last 9 months	-4.2	-4.2
Last 1 year	-6.9	-9.8
Last 3 years	1.5	-6.9
Last 5 years	35.7	21.8
Last 10 years	59.5	-12.8
Since Inception (Mar04- Aug16)	169.8	95.0

* S&P GCC Total Return 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 BI
Fund ISIN Code	BH000A1CZ8W7
Custodian/ Administrator	HSBC, Bahrain

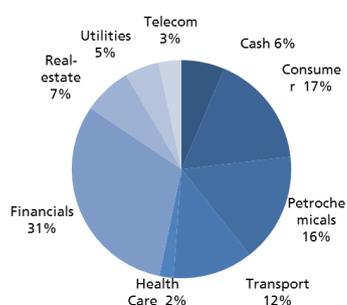
Top Holdings

Name	Country	(%)
Al Rajhi	Saudi	7.9
Sabic	Saudi	6.6
Aramex	UAE	6.6

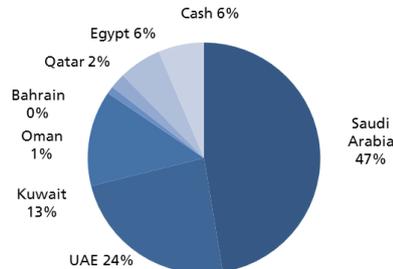
Risk Statistics (Last 5 years)

Annualized Standard Deviation (%)	15.2
Sharpe Ratio	0.22
Tracking Error (%)	4.4
Information Ratio	1.4
Alpha (%)	5.8
Beta	0.9
Success ratio % Last 5 years	59

Country Allocation



Sector Allocation



Key Statistics

	Fund	Index
Price Earnings Multiple TTM (x)	13.5	13.4
Price to Book Multiple Latest (x)	1.5	1.3
Return on Equity TTM (%)	15.0	12.8
Dividend Yield - 2015 (%)	3.8	4.1
Number of Holdings	38	276
Annualized Return (%) - Last 5 years	6.3	4.0
Annualized Standard Deviation (%) - Last 5 years	15.2	16.5
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
Latest drawdown-Peak to Trough (%)	-29.2	-40.2
Length/Duration of Drawdown - (months)	Aug14- Jan16 17	Aug14- Jan16 17
Recovery from Latest Drawdown (%)	Feb16- Aug16 10.7	Feb16- Aug16 9.9

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