

# Khaleej Equity Fund

Fact Sheet - December 2012

NAV US\$ 216.66 ↑ 2.6%

## Manager's Commentary

The GCC markets ended the year on a positive note with the S&P GCC index increasing 2.2% for the month. Saudi Arabia and Oman were the best performing bourses and appreciated by 4.1% each. Saudi Arabia rebounded strongly after posting three months of negative declines. Large caps increased in the range of 5-10% while certain mid cap stocks rose between 10-15%. In Oman, buying interest was seen in the banking sector that propelled the overall market. Bahrain increased by 1.6%, while Dubai which was the best performing market in 2012 (+20%) inched up 0.9% in December. Kuwait, Abu Dhabi and Qatar posted negative returns for the month.

The fund increased by 2.6% in December compared to a 2.2% rise in the benchmark. For 2012, the fund generated a return of around 6% compared to a 3% return for the benchmark. The year was marked with high volatility especially during the first half but showed signs of promise during the latter half. In 2012, the fund's return derived primarily from our core holdings in the UAE and positive stock selection impact in Saudi Arabia. In case of Saudi Arabia, selected telecom and consumer sectors companies rallied based on their strong underlying fundamentals which helped the performance of the fund.

Annual result season commences in January which will dictate the short term direction of the markets. In particular, earnings of petrochemical and financial sectors will be keenly watched whereby higher than expected earnings could result in these markets starting on a positive note. Dividend surprises will also support the market as investors look for high dividend yielding stocks. We are almost fully invested and aim to capitalize on any further upward movement.

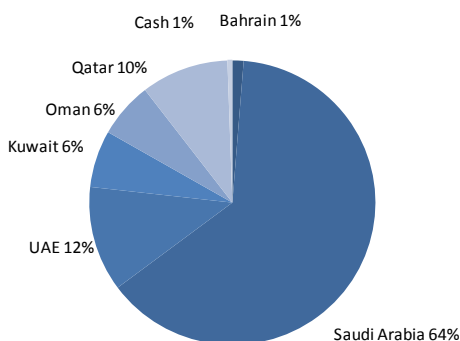
## Investment Objective

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

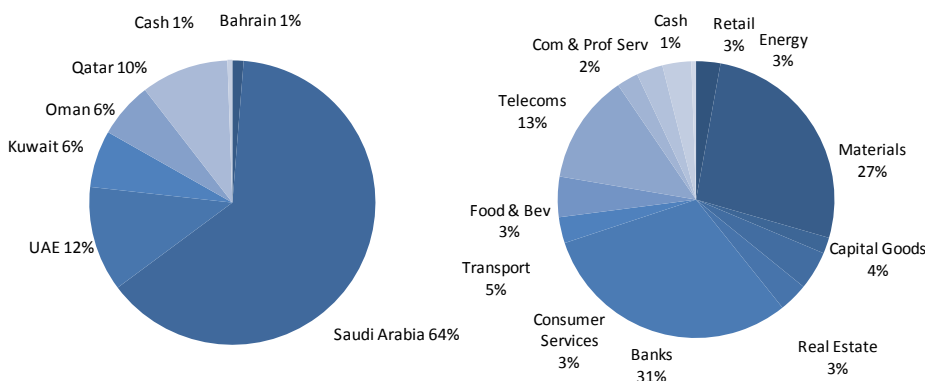
## Returns (%)

	Fund	S&P GCC Index
December 2012	2.6	2.2
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
2005	56.8	103.9
2004 (Mar - Dec)	27.0	43.3
Last 3 months	2.1	-0.2
Last 6 months	5.7	2.2
Last 1 year	5.9	3.2
Last 3 years	13.7	6.8
Last 5 years	-12.1	-45.5
Since Inception (Mar 04-Dec12)	116.7	28.9

## Country Allocation



## Sector Allocation



## Key Statistics

	Fund	Index
Price Earnings Multiple TTM (x)	11.8	12.8
Price to Book Multiple Latest (x)	2.4	1.7
Return on Equity TTM (%)	20.7	12.9
Dividend Yield - 2011 (%)	4.4	4.1
Number of Holdings	32	238
Annualized Return (%)	9.2	2.9
Annualized Standard Deviation (%)	17.9	24.5
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	54
Maximum Drawdown-Peak to Trough (%)	-47.4	-62.6
Length of Drawdown (months)	9	9
Recovery from recent trough (%)	44.9	45.4

## 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

Name	Country	(%)
Etihad Etisalat	Saudi	7.1
Saudi Basic Industries	Saudi	5.9
Al Rajhi Bank	Saudi	5.9

## Risk Statistics

Annualized Standard Deviation (%)	17.9
Sharpe Ratio	0.3
Tracking Error (%)	12.7
Information Ratio	0.5
Alpha (%)	6.0
Beta	0.7

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