

Khaleej Equity Fund

Fact Sheet - February 2012

NAV US\$ 219.17 ↑ 5.8%

Manager's Commentary

The GCC markets increased sharply in February with all bourses posting positive returns. Trading volumes continued to surge and reached multi-year highs especially in the UAE and Saudi Arabia. Dubai was the best performing bourse and appreciated by 20.5% in February. Speculative and second tier stocks were in the limelight with some stocks increasing as much as 80%. The Saudi market also extended its positive run and rose 9.7%. The Saudi banking sector, whose performance had been relatively quiet thus far, was amongst the best performing sectors. Abu Dhabi and Oman also generated positive returns for the month and increased by 6.4% and 5.0%, respectively. The rest of the markets were relatively muted during the month.

Your Fund appreciated by 5.8% in February and extended its year to date gains to 7.1%. In February, the fund particularly benefited from its large exposure to the Saudi banking sector that accounts for around 20% of the overall fund. The stocks within this sector rose in the range of 15-20% on the back of strong underlying fundamentals. Furthermore, stocks from the UAE also contributed positively as share prices appreciated by around 15%. However, the Qatari portion of the fund remained rangebound as the market failed to attract investor interest.

During the month, we built exposure to new investment ideas that we expect will generate healthy returns in the medium to long term. Given the strong start to the year, we expect markets to consolidate at these levels. This will give us the opportunity to restructure the fund by booking profits from stocks that have rallied and investing in fundamentally attractive companies that have underperformed this year.

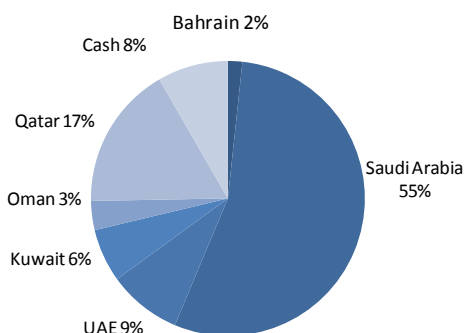
Investment Objective

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

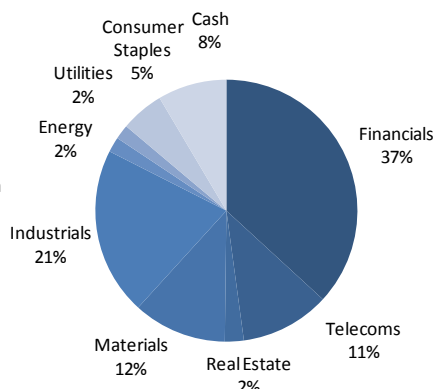
Returns (%)

	Fund	S&P GCC Index
Feb 2012	5.8	7.4
YTD 2012 (Jan - Feb)	7.1	9.2
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	10.5	12.3
Last 6 months	10.2	13.0
Last 1 year	-1.9	-3.0
Last 3 years	46.5	53.8
Last 5 years	24.6	-23.1
Since Inception (Mar 04-Feb12)	119.2	36.4

Country Allocation



Sector Allocation



Key Statistics

	Fund	Index
Price Earnings Multiple TTM (x)	12.3	13.1
Price to Book Multiple Latest (x)	2.2	1.9
Return on Equity TTM (%)	17.7	14.7
Dividend Yield - 2011 (%)	4.5	3.8
Number of Holdings	35	269
Annualized Return (%)	10.4	4.0
Annualized Standard Deviation (%)	18.9	23.7
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	59	56
Maximum Drawdown- Peak to Trough (%)	-47.4	-62.6
Length of Drawdown (months)	9	9
Recovery from recent trough (%)	46.5	53.8

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	(%)
Etihaad Etisalat	Saudi	5.5
Industries Qatar	Qatar	4.5
Al Rajhi Bank	Saudi	4.1

Risk Statistics

Annualized Standard Deviation (%)	18.9
Sharpe Ratio	0.3
Tracking Error (%)	13.3
Information Ratio	0.5
Alpha (%)	6.4
Beta	0.7

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