

# Khaleej Equity Fund

Fact Sheet - February 2013

NAV US\$ 230.88 ↑0.2%

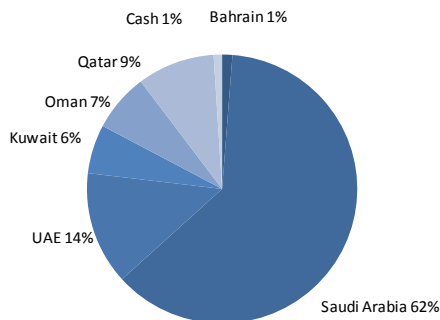
## Manager's Commentary

The regional bourses consolidated in February after two strong months in which the overall GCC index appreciated by around 7%. In February, the index declined marginally (-0.5%) primarily due to a 0.6% decrease in the Saudi market. Selling was seen in the petrochemical sector stocks as they tracked the fall in oil prices (-6%). Qatar fell by 2.2% while Kuwait and Bahrain closed flat. On the other hand, Abu Dhabi and Dubai appreciated by 5.7% and 2.1%, respectively and continued to be the best performing regional bourses. Oman witnessed stock specific buying interest that resulted in the market increasing around 3%.

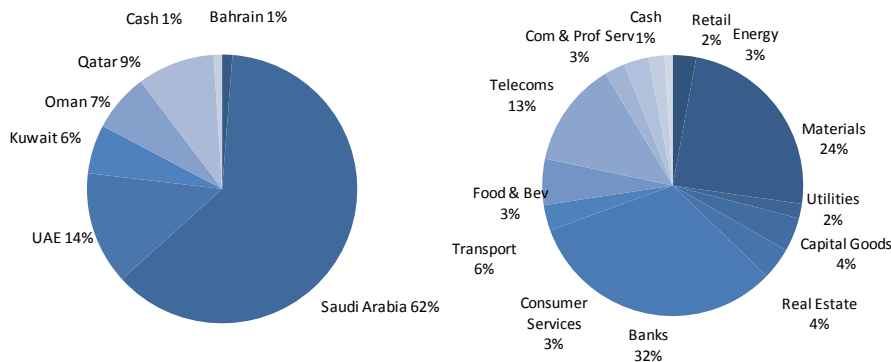
The NAV of Khaleej Equity Fund gained 0.2% in February and extended its return for the year to 6.6%. Stock picking in Saudi Arabia continued to contribute to the outperformance as selected core holdings from the consumer and cement sectors increased in the range of 5-10%. In addition, holdings in the UAE also contributed to the overall returns of the fund. Over the past one year, the fund has produced a positive return of 5.3% despite markets being volatile.

During the month, we met the managements of key companies as part of our ongoing due diligence process. While the overall outlook remains positive over a medium to long term, we believe that stock picking will play an even more pivotal role in generating excess returns. Based on the feedback of our management meetings, we would be rebalancing the fund by booking profits in stocks that have risen sharply and investing in more defensive names where the dividend yields are high.

## Country Allocation



## Sector Allocation



## Key Statistics

	Fund	Index
Price Earnings Multiple TTM (x)	12.2	13.2
Price to Book Multiple Latest (x)	2.4	1.6
Return on Equity TTM (%)	19.5	12.3
Dividend Yield - 2011 (%)	4.4	3.9
Number of Holdings	30	276
Annualized Return (%)	9.8	3.4
Annualized Standard Deviation (%)	17.8	24.4
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	54
Success Ratio (%)	54.2	NA
Maximum Drawdown-Peak to Trough (%)	-47.4	-62.6
Length of Drawdown (months)	9	9
Recovery from Maximum Drawdown (%)	54.4	50.9

## 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*
Feb 2013	0.2	-0.5
2013 (Jan-Feb)	6.6	3.8
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	9.3	6.1
Last 6 months	6.7	2.3
Last 1 year	5.3	-1.9
Last 3 years	17.4	5.7
Last 5 years	-14.7	-44.4
Since Inception (Mar 04-Feb 13)	130.9	33.8

\* S&amp;P GCC Composite Index

## 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	7.3
Al Rajhi Bank	Saudi	7.2
Saudi Basic Industries	Saudi	6.4

## Risk Statistics

Annualized Standard Deviation (%)	17.8
Sharpe Ratio	0.4
Tracking Error (%)	12.6
Information Ratio	0.5
Alpha (%)	6.6
Beta	0.7

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