

Khaleej Equity Fund

Fact Sheet - February 2016



NAV US\$ 250.57 ↑ 2.8 %

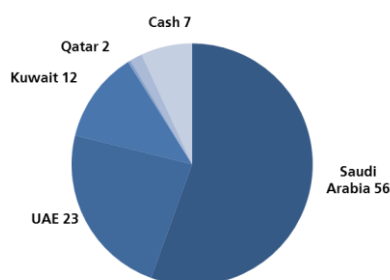
Manager's Commentary

The regional markets rebounded in February on the back of increase in the price of oil. The UAE and Qatari markets lead the rally increasing by 9.7% and 6.7% respectively. The gains in UAE were driven by large caps while Ooredoo and financials contributed to the performance of Qatari market. Saudi Arabia was up by 2% during the month.

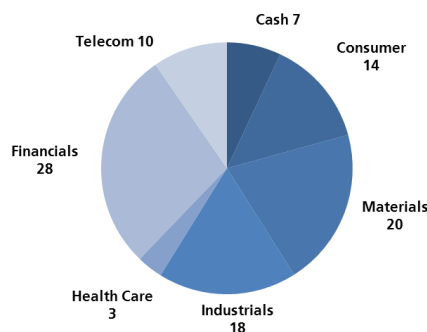
During the month your fund was up by 2.8% and the corresponding index was up by 3.7%. Although the fund benefited from its investments in UAE, its returns for the month were impacted by the limited exposure of the fund to equities in Qatar. The Qatari market performed well in February driven by large caps such as Qatar Islamic Bank (16%) Ooredoo(12.5%), and Barwa(12%). We continue to have limited exposure to Qatar as we believe the underlying fundamentals of the Qatari companies do not justify the premium valuation at which they trade. In the 4th quarter 2015 apart from Qatar Islamic Bank, most other large Qatari companies reported poor results. The conventional banks in aggregate reported 20% decline in earnings, Barwa Real-estate reported a loss of QR518m while earnings of Industries Qatar and Oredoo were well below analyst expectations. In addition most of the Qatari companies cut their dividends for the year.

In February we witnessed a marked improvement in investor sentiment, however we believe these optimistic emotions are likely to be very fickle given the current macroeconomic environment. Although we increased our equity allocation of the fund during the month, our investments were focused on regional large caps. In addition we also increased our exposure to consumer companies which we believe would stand to benefit from the fiscal reforms instituted by the Kingdom.

Country Allocation



Sector Allocation



Key Statistics

	Fund	Index
Price Earnings Multiple TTM (x)	13.8	12.8
Price to Book Multiple Latest (x)	1.6	1.3
Return on Equity TTM (%)	12.2	10.5
Dividend Yield - 2014 (%)	4.4	4.4
Number of Holdings	36	276
Annualized Return (%) - Last 5 years	4.8	-0.6
Annualized Standard Deviation (%) - Last 5 years	15.3	16.1
Largest Monthly Gain (%)	14.8 (Mar 05)	17.6 (Mar 05)
Largest Monthly Loss (%)	-20.3 (Oct 8)	-24.7 (Oct 08)
% of Positive Months	58	55
Latest drawdown-Peak to Trough (%)	-29.2	-42.2
Length/Duration of Drawdown - (months)	Aug14- an16	Aug14- Jan16
Recovery from Maximum Drawdown (%)	17	17
	2.8	3.7

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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 2016	2.8	3.7
YTD (Feb 2016)	-8.3	-7.4
2015	-6.2	-17.4
2014	4.7	-2.5
2013	28.4	25.0
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
Last 3 months	-11.0	-9.6
Last 6 months	-13.5	-15.1
Last 1 year	-20.7	-28.7
Last 3 years	8.5	-10.2
Last 5 years	26.5	-3.0
Last 10 years	27.9	-61.4
Since Inception(Mar04-Feb16)	150.6	20.2

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	(%)
Emaar	UAE	8.0
Al Rajhi	Saudi	7.8
SADAFCO	Saudi	5.5

Risk Statistics (Last 5 years)

Annualized Standard Deviation (%)	15.3
Sharpe Ratio	0.12
Tracking Error (%)	4.2
Information Ratio	1.3
Alpha (%)	5.2
Beta	0.9

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