

# Khaleej Equity Fund

Fact Sheet - January 31, 2010

NAV US\$ 188.55 ↓ 1.1%

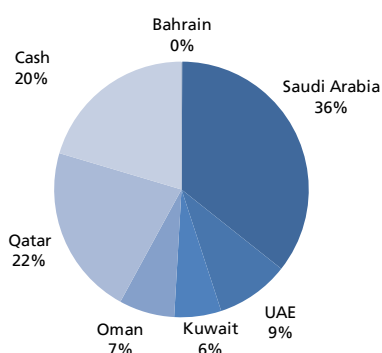
## Manager's Commentary

The regional markets started the year on a subdued note as investors awaited for a clear direction and potential catalyst. Having experienced high volatility during December, many investors remained on the sidelines resulting in low trading activity. On the international front, the US decision to impose stricter regulations on the banking sector and monetary tightening by China caused international indices to decline.

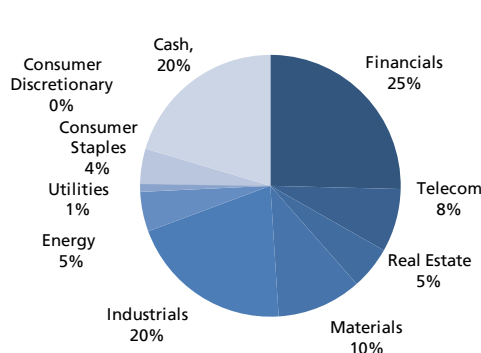
Within the GCC region, returns were highly divergent with Dubai and Qatar being amongst the worst performing markets, losing 11.8% and 5.8%, respectively. While Dubai's debt woes continued to haunt the bourse, the IPO of Mazaya Qatar absorbed liquidity from the Qatari market resulting in share prices dropping on low volumes. The spillover effect of Dubai spread to Abu Dhabi resulting in its benchmark retreating 4.0%. On a positive note, Saudi Arabia increased by 2.1% as the petrochemical and banking sectors witnessed buying interest. The smaller markets of Oman and Bahrain increased by 2.6% and 1.4%, respectively as selective buying interest helped push both indices. Kuwait, as measured by the market cap weighted index, declined by 2.9% for the month.

On the backdrop of the mixed performances of the GCC markets, Khaleej Equity Fund's NAV declined by 1.1% for the month as compared to a 1.0% drop in the benchmark. The lacklustre markets provided us with an opportunity to selectively deploy cash in stocks that offer dividend yields of 8-10%, such as stocks within the Qatari banking sector. As the earnings season is still in progress with most UAE and Kuwaiti companies yet to announce their financials, we expect the markets to consolidate at these levels.

### Country Allocation



### Sector Allocation



## Fund Statistics

Price Earnings Multiple TTM (x)	14.4
Price to Book Multiple Latest (x)	2.3
Dividend Yield 2008 (%)	6.5
Number of Holdings	37
Annualized Return (%)	11.5
Largest Monthly Gain (%)	14.8 (Mar 05)
Largest Monthly Loss (%)	-20.3 (Oct 08)
% of Positive Months	61
Maximum Drawdown- Peak to Trough (%)	47.4
Length of Drawdown (months)	9
Recovery from recent trough (%)	26.1

## Investment Objective

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

## Fund Returns (%)

	Fund	MSCI GCC Index*
Jan 2010	-1.1	-1.0
Last 3 months	-8.9	-5.9
Last 6 months	-3.3	0.3
Last 1 year	21.4	32.9
Last 3 years	9.8	-14.8
Last 5 years	40.3	-21.4
2009	16.9	22.9
2008	-33.9	-55.8
2007	43.9	51.7
2006	-13.9	-43.9
2005	56.8	80.8
2004 (Mar - Dec)	27.0	43.3
Since Inception (Mar 04-Jan10)	88.6	18.5

\*This refers to MSCI GCC USD Total Return Gross

Launch Date	March 2004
Management Fee	1.5%
Performance Fee	10% over 10% pa
Subscription & Redemption	Monthly
Subscription Deadline	Five Business days before month end
Redemption Deadline	Ten Business days before month end
Minimum Subscription	US\$100,000
Reuters Code	LP65038262
Bloomberg Code	KHALEQY BI
Zawya Code	SICOKEF.MF
Fund Listing	Bahrain Stock Exchange
Custodian/ Administrator	HSBC Middle East, Bahrain

## Top Holdings

Name	Country	(%)
Industries Qatar	Qatar	5.8
Commercial Bank of Qatar	Qatar	4.5
SABIC	Saudi	4.0

## Risk Statistics

Annualised Standard Deviation (%)	19.6
Sharpe Ratio	0.3
Information Ratio	0.5
Beta	0.6
Alpha (%)	7.6

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