

# Khaleej Equity Fund

Fact Sheet - January 2012

NAV US\$ 207.07 ↑ 1.2%

## Manager's Commentary

The regional markets commenced the year on a positive note and broadly mirrored the performance of international bourses. Dubai was the best performing GCC market and appreciated by 6.1% amidst optimism that it will be able to refinance its debt obligations falling due this year. Saudi Arabia, after appreciating by 5.1% in December, rose by 3.2% in January. Trading volumes hit a three year high as local pension funds invested heavily in the local bourse. Abu Dhabi appreciated by 2.2% while Kuwait closed flat. Qatar declined by 2.4% after the full year dividends announced by banks came below expectations that resulted in a retail selloff. The smaller markets, Bahrain and Oman, fell 0.3% and 2.3%, respectively.

The fund started the year on a positive note and appreciated by 1.2% in January. The fund benefited from its holdings particularly from the UAE but was offset by the modest declines in its Qatari holdings, which performed exceptionally well during 2011. In addition, the fund did not have any exposure to the speculative and small cap segment within Saudi Arabia that contributed to roughly one percent to the benchmark's return.

During the month, we visited the management of listed companies across the region which has helped us in discovering new investment ideas / themes. We expect the markets to consolidate at these levels and therefore will selectively deploy the current cash (13%) into either new investment ideas or existing positions. Given that Saudi's full year earnings have grown at a healthy 20%, we will continue to primarily focus on the Saudi market. Please also note that S&P in their recent review has reaffirmed their "AA" rating for Khaleej Equity Fund.

## 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
Jan 2012	1.2	1.6
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	2.7	2.6
Last 6 months	0.2	0.0
Last 1 year	-0.9	-4.2
Last 3 years	33.3	30.8
Last 5 years	20.6	-21.8
Since Inception (Mar 04-Jan12)	107.1	26.9

## 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

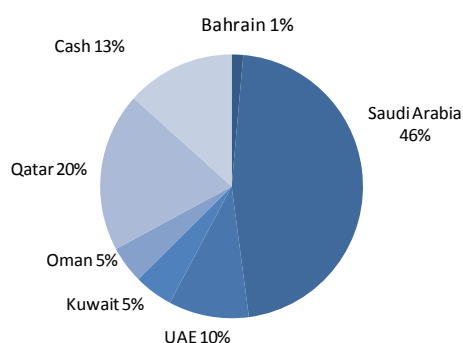
Name	Country	(%)
Etihad Etisalat	Saudi	5.4
Industries Qatar	Qatar	4.4
Saudi Dairy Food Product	Saudi	4.3

## Risk Statistics

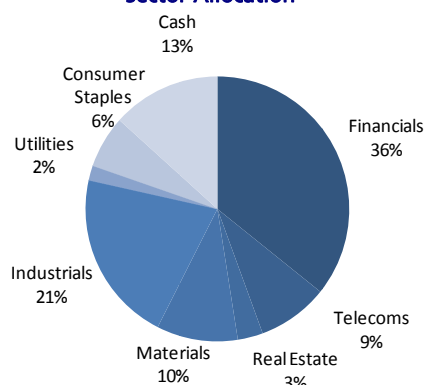
Annualized Standard Deviation (%)	18.9
Sharpe Ratio	0.3
Tracking Error (%)	13.4
Information Ratio	0.5
Alpha (%)	6.4
Beta	0.7

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## Country Allocation



## Sector Allocation



## Key Statistics

	Fund	Index
Price Earnings Multiple TTM (x)	11.8	12.0
Price to Book Multiple Latest (x)	2.3	1.6
Return on Equity TTM (%)	18.9	13.2
Dividend Yield - 2011 (%)	4.3	4.4
Number of Holdings	34	269
Annualized Return (%)	9.7	3.1
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	55
Maximum Drawdown- Peak to Trough (%)	-47.4	-62.6
Length of Drawdown (months)	9	9
Recovery from recent trough (%)	38.4	43.2

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