

Khaleej Equity Fund

Fact Sheet - January 2013

NAV US\$ 230.32 ↑6.3%

Manager's Commentary

The gulf bourses started the year on a promising note with all markets recording positive gains. Dubai, which was the best performing GCC market in 2012 extended its strong run and increased by 16.3%. Emaar Properties - the proxy for the Dubai real estate market - increased by 30% during the month as investors gained confidence after a series of positive developments. Abu Dhabi also recorded a strong performance (+9.5%) on the back of the merger announcement of Aldar Properties and Sorouh. Other markets such as Saudi Arabia, Kuwait and Qatar rose in the range of 3-4%, while the smaller bourses of Oman and Bahrain appreciated between 1-2%.

The NAV of Khaleej Equity Fund increased by 6.3% and outperformed its benchmark. The major source of the outperformance came from superior stock selection in Saudi Arabia as some of the fund's core holdings gained more than 10%. Along with this, the UAE exposure also contributed to the overall returns of the fund. Despite markets being volatile, the fund has delivered a 11.2% and 22.2% return for the last one and three years, respectively.

Saudi Companies announced full year results during the month. Although overall earnings increased only marginally, the positive surprise came from higher than expected dividends announced by some companies. Going forward, we expect focus on dividends to increase further given that most companies will be distributing dividends during the next couple of months. The outlook for rest of the year remains positive although some consolidation in the short term can be expected given that the markets have performed exceptionally well over the last few months.

Investment Objective

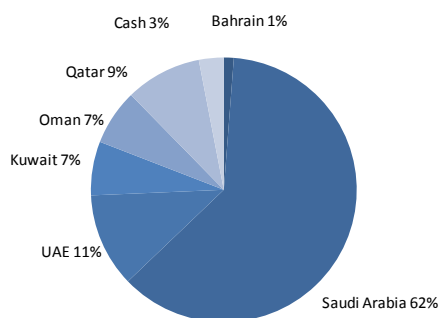
The Fund seeks long-term capital appreciation by investing principally in equity securities listed on the stock markets of GCC countries.

Returns (%)

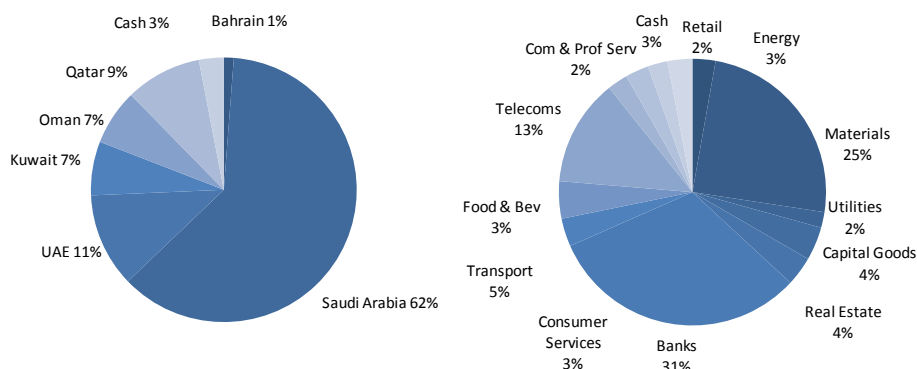
| | Fund | Index* |
|--------------------------------|-------|--------|
| Jan 2013 | 6.3 | 4.4 |
| 2012 | 5.9 | 3.2 |
| 2011 | -5.9 | -8.2 |
| 2010 | 14.1 | 12.8 |
| 2009 | 16.9 | 14.1 |
| 2008 | -33.9 | -55.3 |
| 2007 | 43.9 | 35.4 |
| 2006 | -13.9 | -40.2 |
| 2005 | 56.8 | 103.9 |
| 2004 (Mar - Dec) | 27.0 | 43.3 |
| Last 3 months | 8.0 | 4.7 |
| Last 6 months | 9.3 | 5.5 |
| Last 1 year | 11.2 | 5.9 |
| Last 3 years | 22.2 | 12.0 |
| Last 5 years | -9.0 | -39.8 |
| Since Inception (Mar 04-Jan13) | 130.3 | 34.4 |

* S&P GCC Composite Index

Country Allocation



Sector Allocation



Key Statistics

| | Fund | Index |
|-------------------------------------|----------------|----------------|
| Price Earnings Multiple TTM (x) | 12.2 | 13.4 |
| Price to Book Multiple Latest (x) | 2.4 | 1.6 |
| Return on Equity TTM (%) | 19.8 | 12.1 |
| Dividend Yield - 2011 (%) | 4.4 | 3.9 |
| Number of Holdings | 30 | 276 |
| Annualized Return (%) | 9.9 | 3.4 |
| Annualized Standard Deviation (%) | 17.9 | 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 | 61 | 57 |
| Success Ratio (%) | 53.8 | NA |
| Maximum Drawdown-Peak to Trough (%) | -47.4 | -62.6 |
| Length of Drawdown (months) | 9 | 9 |
| Recovery from recent trough (%) | 54.0 | 51.6 |

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 | 7.0 |
| Saudi Basic Industries | Saudi | 6.4 |

Risk Statistics

| | |
|-----------------------------------|------|
| Annualized Standard Deviation (%) | 17.9 |
| Sharpe Ratio | 0.4 |
| Tracking Error (%) | 12.7 |
| Information Ratio | 0.5 |
| Alpha (%) | 6.6 |
| Beta | 0.7 |

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بنك استثماري sico
Investment Bank