



Khaleej Equity Fund

Fact Sheet - January 2014

NAV US\$ 286.13 ↑ 2.9%

Manager's Commentary

Global markets started the year on a negative note as volatility in emerging market currencies and lower than expected economic data from China resulted in investors becoming risk averse. Consequently, the Emerging Market index fell by 6.6%, while the MSCI World Index declined by 3.8% in January. The GCC markets, on the other hand, showed strong resilience and all seven GCC bourses posted positive returns. Dubai and Abu Dhabi were the best performing markets and rose 11.9% and 8.9%, respectively. Qatar also posted a healthy 7.8% return on the back of strong foreign inflow to the tune of over US\$400 million. The other GCC markets rose between 2-4% on account of positive sentiment prevailing across the region.

The NAV of Khaleej Equity Fund appreciated by 2.9% in January. The fund's returns primarily came from our core holdings in the financial sector. Positive contributions also came from recent investments made in the UAE market. It is pertinent to note that the fund has reached its highest ever net asset value and has fully recovered the losses incurred during the 2008 global financial crisis. On the other hand, the GCC markets as measured by the S&P GCC index still have to increase by over 40% to recover the losses incurred in the aftermath of the global financial crisis.

During the month, we continued to rebalance the fund by booking profits in stocks where we believe the upside is limited and deployed the cash into some fresh investment ideas that we expect will perform well during the course of the year. Thus far, the GCC markets have shown stability amidst the global volatility, which bodes well for the short term direction of the markets. In addition, the dividend and results season should keep investors interested. Keeping these factors in mind, we have positioned the fund in order to fully capitalize on the upbeat mood prevalent in the region.

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*
January 2014	2.9	3.4
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	6.9	9.6
Last 6 months	7.7	12.1
Last 1 year	24.2	23.9
Last 3 years	36.9	25.7
Last 5 years	84.2	71.6
Last 7 years	66.7	2.6
Since Inception (Mar 04-Jan 14)	186.1	66.6

* S&P GCC Composite Index

Fund Information

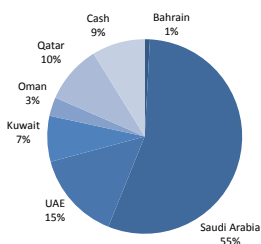
Launch Date	March 2004	
Management Fee	1.5%	
Performance Fee	10% over 10%	
Subscription & Redemption	Weekly	
Dealing Day	Thursday	
Subscription & Redemption Deadline	Two Business Days before Dealing Day	
Minimum Subscription	US\$100,000	
Bloomberg Code	KHALEQY BI	
Zawya Code	SICOKEF.MF	
Fund ISIN Code	BH000A1CZ8W7	
Custodian/ Administrator	HSBC, Bahrain	
Saudi Basic Industries	Saudi	10.1
Al Rajhi Bank	Saudi	5.8
Etihad Etisalat	Saudi	5.1

Risk Statistics

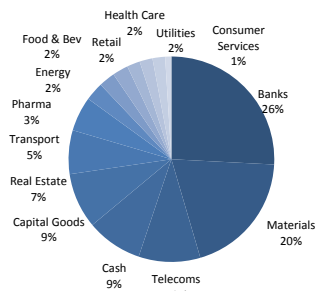
Annualized Standard Deviation (%)	17.1
Sharpe Ratio	0.5
Tracking Error (%)	12.1
Information Ratio	0.5
Alpha (%)	6.6
Beta	0.7

For further information contact: assetmanagement@sicobahrain.com

Country Allocation



Sector Allocation



Key Statistics

	Fund	Index
Price Earnings Multiple TTM (x)	15.5	15.9
Price to Book Multiple Latest (x)	2.4	2.0
Return on Equity TTM (%)	15.5	12.5
Dividend Yield - 2012 (%)	3.9	3.3
Number of Holdings	35	276
Annualized Return (%)	11.3	5.3
Annualized Standard Deviation (%)	17.1	23.4
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	56
Success Ratio (%)	53	NM
Maximum Drawdown-Peak to Trough (%)	-47.4	-62.6
Length of Drawdown (months)	9	9
Recovery from Maximum Drawdown (%)	91.3	87.9

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