



Khaleej Equity Fund

Fact Sheet - July 2011

NAV US\$ 206.67 ↓ 0.8%

Manager's Commentary

The GCC markets dropped on low volumes as majority of the indices posted negative returns. Investor interest was fragile amidst uncertainty surrounding the resolution of the US debt ceiling and European Debt Crisis. Kuwait was the worst performing bourse and declined by 4.2% as market participants reacted negatively to the new regulations announced by the CMA regarding investment funds. Saudi Arabia fell 2.8% driven by declines in petrochemical and banking stocks. Oman, Bahrain and Abu Dhabi declined in the range of 2-3%, while Dubai ended the month flat. Qatar was the only market to buck the negative trend and closed up 0.5% as selected industrial and banking sector stocks gained value.

The NAV of Khaleej Equity Fund declined by 0.8% for the month compared to 2.6% drop in its benchmark. Although some holdings posted negative returns, the fund's losses were restricted by our investments in the banking and industrial sector stocks in Qatar which appreciated during the month. Furthermore, the fund's underweight position in Kuwait and a superior stock selection across the board also contributed to the fund's outperformance in July.

Over the last three months, the regional markets have declined on the back of uncertainty surrounding the global economic recovery. This trend is expected to continue in the short term given the volatility experienced in the US and Europe markets along with the ongoing summer season. The GCC corporate earnings on the other have been consistently growing. The second quarter earnings increased by 25% compared to the same period last year. We therefore remain optimistic of the medium to long term prospects of the regional markets. Going forward, our investment strategy is to position our portfolio defensively but at the same time invest opportunistically in high dividend yield stocks and companies that are a play on consumer spending and infrastructure investments.

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
Jul 2011	-0.8	-2.6
YTD 2011 (Jan - Jul)	-4.9	-6.8
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	-4.7	-6.3
Last 6 months	-1.1	-4.3
Last 1 year	7.7	3.2
Last 3 years	-25.4	-40.2
Last 5 years	29.1	-37.6
Since Inception (Mar 04-Jul11)	106.7	30.3

Fund Information

Launch Date	March 2004
Management Fee	1.5%
Performance Fee	10% over 10% pa
Subscription & Redemption	Weekly
Dealing Date	Thursday
Subscription & Redemption Deadline	Two Business Days before Dealing Day
Minimum Subscription	US\$100,000
Bloomberg Code	KHALEYQY BI
Zawya Code	SICOKEF.MF
Fund ISIN Code	BH000A1CZ8W7
Custodian/ Administrator	HSBC, Bahrain

Top Holdings

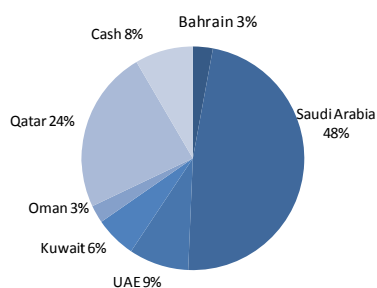
Name	Country	(%)
Ethiad Etisalat	Saudi	6.4
Saudi Arabia Basic Industries	Saudi	5.9
Al Rajhi Bank	Saudi	4.9

Risk Statistics

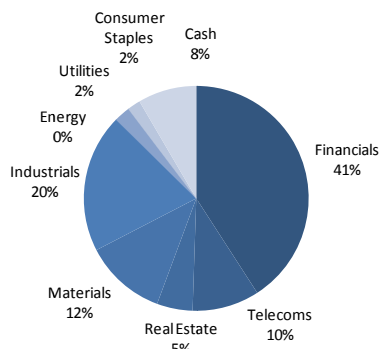
Annualized Standard Deviation (%)	19.6
Sharpe Ratio	0.3
Tracking Error (%)	11.8
Information Ratio	0.6
Alpha (%)	6.9
Beta	0.7

For further information contact: assetmanagement@sicobahrain.com

Country Allocation



Sector Allocation



Key Statistics

	Fund	Index
Price Earnings Multiple TTM (x)	12.9	13.3
Price to Book Multiple Latest (x)	2.4	1.7
Return on Equity TTM (%)	18.8	12.5
Dividend Yield 2010 (%)	4.4	4.2
Number of Holdings	30	270
Annualized Return (%)	10.4	3.3
Annualized Standard Deviation (%)	19.6	24.9
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	62.4
Length of Drawdown (months)	9	9
Recovery from recent trough (%)	38.2	43.1

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Investment Bank