

# Khaleej Equity Fund

Fact Sheet - July 2012

NAV US\$ 210.80 ↑ 2.8%

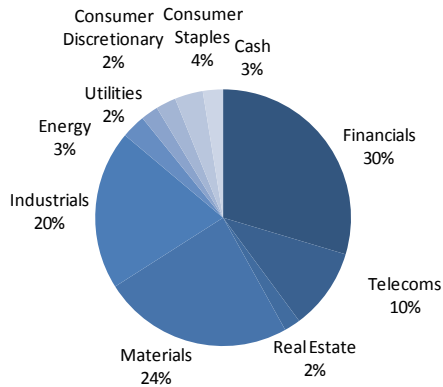
## Manager's Commentary

After three consecutive months of declines, the GCC markets inched up in July with the S&P GCC index increasing by 1%. Dubai was the best performing bourse and rallied 6.3% on the back of foreign buying in blue chip names. In addition, Saudi Arabia, Qatar and Abu Dhabi appreciated in the range of 2-3%. However, the other three markets namely Oman (-5.8%), Kuwait (-1.7%) and Bahrain (-1.2%) declined during the month and capped S&P GCC Index's returns.

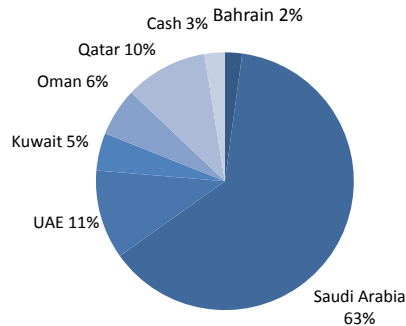
The Council of Ministers approved the much-awaited mortgage law in Saudi Arabia which resulted in banks increasing in the range of 5-10% during the month. In addition, companies within the region also started reporting second quarter numbers. So far, reported earnings have declined marginally (down 3%) on a year on year basis. The quarterly profits of petrochemical companies decreased in tandem with the decline in product prices. However, this was partly mitigated by strong results from companies within Telecom and Consumer sectors.

Your fund appreciated by 2.8% for the month outperforming the benchmark which rose by 1%. The contribution from stock selection was very strong, particular in the case of Saudi Arabia and the UAE. The portfolio's active bets paid off as some stocks that we have in the portfolio rose by 10-20%. This coupled with our low exposure to Kuwait helped to generate the outperformance. Note that July is the fourth consecutive month where the portfolio has beaten the benchmark. During Ramadan and summer season, we expect the market activity level to remain low, but we anticipate that stock and sector specific interest will remain. However, after this period we expect activity to gradually pick up and we are in the process of positioning the portfolio to capitalize on this momentum.

## Country Allocation



## Sector Allocation



## Key Statistics

	Fund	Index
Price Earnings Multiple TTM (x)	10.4	12.6
Price to Book Multiple Latest (x)	2.5	1.6
Return on Equity TTM (%)	23.7	12.5
Dividend Yield - 2011 (%)	4.7	4.3
Number of Holdings	33	236
Annualized Return (%)	9.4	2.9
Annualized Standard Deviation (%)	18.7	23.3
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	58	55
Maximum Drawdown- Peak to Trough (%)	-47.4	-62.6
Length of Drawdown (months)	9	9
Recovery from recent trough (%)	40.9	43.6

## 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
July 2012	2.8	1.0
YTD 2012 (Jan -July)	3.0	1.9
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	-6.1	-8.2
Last 6 months	1.8	0.3
Last 1 year	2.0	0.4
Last 3 years	8.1	6.4
Last 5 years	2.9	-29.0
Since Inception (Mar 04-Jul12)	110.8	27.3

## 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	(%)
Saudi Basic Industries	Saudi	5.2
Etihad Etisalat	Saudi	5.1
Al Rajhi Bank	Saudi	5.1

## Risk Statistics

Annualized Standard Deviation (%)	18.6
Sharpe Ratio	0.3
Tracking Error (%)	13.0
Information Ratio	0.5
Alpha (%)	6.1
Beta	0.7

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