



Khaleej Equity Fund

Fact Sheet - July 2013

NAV US\$ 265.70 ↑ 4.6%

Manager's Commentary

The GCC markets posted strong returns in July and all seven bourses ended the month in positive territory. The UAE markets were the top performers as Dubai increased by 16.5% while Abu Dhabi gained 8.3%. Investor optimism over second quarter results continued to drive the rally in both bourses. Saudi Arabia posted a healthy return of 5.6% as investors digested second quarter earnings and continued to build positions primarily within the banking and consumer sectors. Qatar, Oman and Kuwait increased by 3-5%. On an overall basis, the GCC index appreciated by 5.4% in July – its highest monthly return since Feb 2012.

The value of Khaleej Equity Fund increased by 4.6% for the month as positive contributions came from our core holdings in the Saudi banking and consumer sectors. In addition, the portfolio benefited from its exposure to the UAE based stocks such as Emaar Properties (+15%) and Air Arabia (+30%). However, the fund marginally underperformed the benchmark due to lower exposure to Saudi consumer sector and the UAE compared to the benchmark. On a year to date basis, the fund is up 22.6% given that most of our core holdings and overweight positions have performed well.

This year, the GCC markets have dominated the list of best performing markets and have significantly outperformed emerging markets. In spite of the long term prospects of these markets remaining bright, we expect a consolidation to take place in the short term. We see pockets of bubbles developing in markets such as the UAE and in Saudi consumer sector due to investor exuberance. Hence, we intend to book profits in stocks which have reached their fair values and deploy the proceeds in fresh investment ideas. In our opinion, stock picking will become even more crucial in generating alpha in the GCC markets moving forward.

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*
July 2013	4.6	5.4
2013 (Jan-Jul)	22.6	15.3
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	7.8	8.0
Last 6 months	15.4	10.5
Last 1 year	26.0	16.7
Last 3 years	38.4	20.9
Last 5 years	-4.2	-30.0
Last 7 years	65.9	-26.9
Since Inception (Mar 04-Jul13)	165.7	48.6

* S&P GCC Composite Index

Fund Information

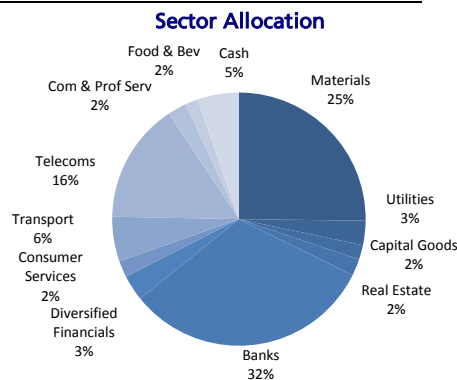
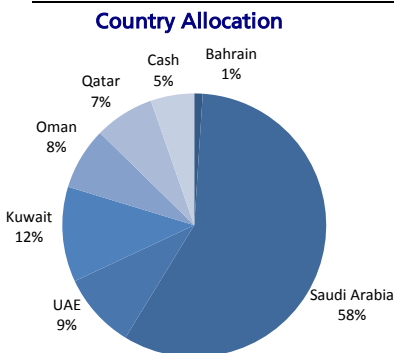
Launch Date	March 2004
Management Fee	1.5%
Performance Fee	10% over 10% pa
Subscription & Redemption	Weekly
Dealing Day	Thursday
Subscription & Redemption Deadline	Two Business Days before Dealing Day
Minimum Subscription	US\$100,000
Bloomberg Code	KHALEQY BI
Zawya Code	SICOKEF.MF
Fund ISIN Code	BH000A1CZ8W7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

Name	Country	(%)
Al Rajhi Bank	Saudi	7.3
Etihad Etisalat	Saudi	7.1
Saudi Basic Industries	Saudi	6.6

Risk Statistics

Annualized Standard Deviation (%)	17.5
Sharpe Ratio	0.5
Tracking Error (%)	12.4
Information Ratio	0.6
Alpha (%)	7.1
Beta	0.7

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Key Statistics

	Fund	Index
Price Earnings Multiple TTM (x)	13.5	14.7
Price to Book Multiple Latest (x)	2.6	1.8
Return on Equity TTM (%)	19.4	12.2
Dividend Yield – 2012 (%)	4.3	3.7
Number of Holdings	32	277
Annualized Return (%)	11.0	4.3
Annualized Standard Deviation (%)	17.5	23.9
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	60	55
Success Ratio (%)	55	N1
Maximum Drawdown-Peak to Trough (%)	-47.4	-62.6
Length of Drawdown (months)	9	9
Recovery from Maximum Drawdown (%)	77.6	67.6

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