



Khaleej Equity Fund

Fact Sheet - July 2014

NAV US\$ 324.47 ↑ 8.9%

Manager's Commentary

The GCC markets rebounded sharply in July, with the S&P GCC index increasing by 8.1%. The rally was initially led by the UAE and Qatari markets which suffered steep declines during the previous month. They managed to recoup most of the losses incurred in June. Dubai increased by 22.6%, once again driven by high beta / speculative names, which were the top performers, but large caps also participated in the rally and gained 15-20%. Qatar and Abu Dhabi appreciated by 12.1% and 11.1% respectively. Reports of the Saudi market opening up to foreign investors in 2015 added another leg to the rally with Tadawul index increasing by 4.6% in a space of three days. The rest of the markets also took cue from this trend and returned 2-3%.

The NAV of Khaleej Equity Fund increased by 8.9%, which more than offset last month's losses. The fund's outperformance is mainly owed to our superior stock selection, especially in Saudi Arabia, where the portfolio holdings in the insurance segment contributed significantly. Our overweight position and the stock selection in the UAE also helped the fund's performance. The Portfolio's large cap holdings Abu Dhabi Commercial Bank, Aldar, Dubai Islamic Bank and Emaar all posted increases of 15-30%. Consequently, we were able to close the gap on underperformance on a year to date basis.

While GCC markets were highly volatile during the past three months, we expect them to exhibit stability in the near term. In the short to medium term, the Saudi market's impending opening should provide a boost to its returns, driven by fund inflows, which some estimate to be over US\$50 billion. Already we have seen a sharp increase in investment in p-notes during the month of July. We strongly feel that the Saudi banking stocks which have significantly underperformed the market since 2009, will see by far the most interest from investors.

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 2014	8.9	8.1
2014 (Jan-Jul)	16.7	17.0
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	3.7	3.3
Last 6 months	13.4	13.2
Last 1 year	22.1	26.8
Last 3 years	57.0	48.5
Last 5 years	66.4	57.5
Last 10 years	190.7	68.9
Since Inception (Mar 04-Jul 14)	224.5	88.5

* 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
Fund ISIN Code	BH000A1CZ8W7
Custodian/ Administrator	HSBC, Bahrain

Top Holdings

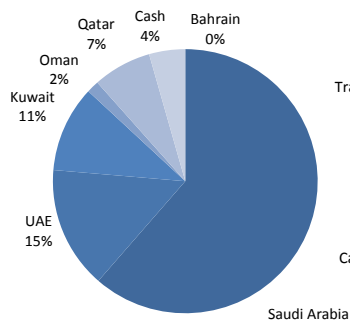
Name	Country	(%)
Saudi Basic Industries	Saudi	5.3
Emaar Properties	UAE	4.6
Al Rajhi Bank	Saudi	4.0

Risk Statistics (Last 5 years)

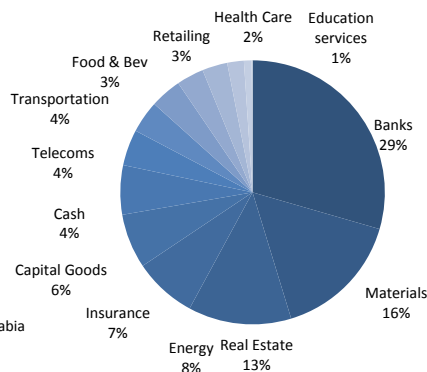
Annualized Standard Deviation (%)	13.3
Sharpe Ratio	0.7
Tracking Error (%)	3.9
Information Ratio	0.3
Alpha (%)	1.5
Beta	1.0

For further information contact: assetmanagement@sicobahrain.com

Country Allocation



Sector Allocation



Key Statistics

	Fund	Index
Price Earnings Multiple TTM (x)	17.1	16.8
Price to Book Multiple Latest (x)	2.5	2.2
Return on Equity TTM (%)	14.7	13.0
Dividend Yield - 2013 (%)	2.3	3.0
Number of Holdings	51	276
Annualized Return (%) - Last 5 years	10.7	9.5
Annualized Standard Deviation (%) Last 5 years	13.3	13.2
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	62	58
Success Ratio (%)	52	NM
Maximum Drawdown-Peak to Trough (%)	-47.4	-62.6
Length of Drawdown (months)	9	9
Recovery from Maximum Drawdown (%)	116.9	112.6

Securities & Investment Company BSC (c)
P.O. Box 1331, Manama, Kingdom of Bahrain
Tel: +973 1751 5000 Fax: +973 1751 4000
CR No: 33469

شركة الأوراق المالية والاستثمار ش.م.ب (م)
ص.ب: 1331، المنامة، مملكة البحرين
هاتف: +973 1751 5000 فاكس: +973 1751 4000
سجل تجاري رقم 33469

بنك استثماري sico
Investment Bank