

# Khaleej Equity Fund

Fact Sheet - July 2016



NAV US\$ 275.94 ↑ 2.2 %

## Manager's Commentary

Regional markers were flat during the month despite 15% drop in price of Oil. Declines in Saudi Arabia (-3%) were mitigated by gains in UAE (+5.1%) and Qatar(+7.3%). Both markets benefited from passive flows from emerging market funds. In addition, Qatari market was also boosted by investors building exposure in anticipation of it being upgraded from Frontier to Secondary Emerging within the FTSE Global Equity Index in September.

Your fund appreciated by 2.2% in July and outperformed the benchmark which was flat for the month. The outperformance was mainly driven by stock selection as the fund had very limited exposure to Qatar which was the best performing market during the month. Aramex(+25%) was one of the main contributors to the outperformance. In June there were news reports that Dubai entrepreneur Mohamed Alabbar had led two investor groups in buying a combined 16.5% stake in Aramex, the implied purchase price was at 13% premium to current market price. In addition, Australian media reported that Australia Post had spent nearly AUD 76 million to buy 4.5% stake in the company, the stake purchase price was at 7% premium to current market price.

Corporate earnings in the second quarter were a mixed bag, while financials and petrochemicals reported better than expected earnings, consumer companies reported poor numbers. We were encouraged by the margin expansions reported by most Saudi based financials; however we are reticent to increase our existing investments in Saudi banks despite attractive valuation because of the risk of significant delinquencies in the building and contracting sector in the kingdom. We will continue to have limited exposure to the consumer sector as we believe the investment community is continuing to overestimate the future earnings of the consumer companies and we expect further de-rating of the sector valuation multiples.

## Investment Objective

The Fund seeks long-term capital appreciation by investing principally in equity securities listed on the stock markets of GCC countries.

## Returns (%)

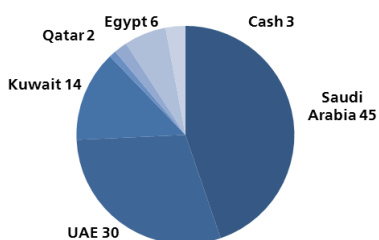
	Fund	Index*
July 2016	2.2	0.1
YTD (July 2016)	1.0	-1.0
Last 3 months	0.3	-3.5
Last 6 months	13.2	10.9
Last 9 months	-2.2	-5.5
Last 1 year	-18.2	-20.6
Last 2 years	-15.0	-29.3
Last 3 years	6.3	-1.9
Last 5 years	29.6	14.5
Last 10 years	63.9	-18.0
Since Inception (Mar04-July16)	175.9	96.7

\* S&P GCC Total Return Index

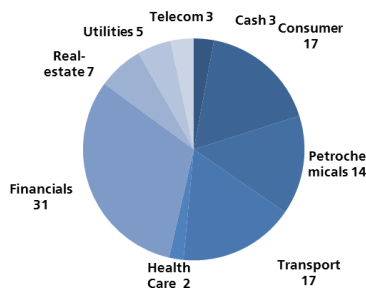
## Fund Information

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

## Country Allocation %



## Sector Allocation %



## Key Statistics

	Fund	Index
Price Earnings Multiple TTM (x)	13.6	13.4
Price to Book Multiple Latest (x)	1.5	1.3
Return on Equity TTM (%)	11.6	10.0
Dividend Yield - 2015 (%)	4.0	4.2
Number of Holdings	38	276
Annualized Return (%) - Last 5 years	6.0	3.2
Annualized Standard Deviation (%) - Last 5 years	15.2	16.5
Largest Monthly Gain (%) Last 5 years	12.0 (April 15)	10.1 (April 15)
Largest Monthly Loss (%) Last 5 years	12.9 (Aug 15)	13.9 (Aug 15)
% of Positive Months	59	56
Latest drawdown-Peak to Trough (%)	-29.2	-40.2
Length/Duration of Drawdown - (months)	Aug14- Jan16 17	Aug14- Jan16 17
Recovery from Latest Drawdown (%)	Feb16- July16 11.7	Feb16- April16 9.3

## Top Holdings

Name	Country	(%)
Aramex	UAE	6.4
Sabic	Saudi	6.3
Air Arabia	UAE	6.1

## Risk Statistics (Last 5 years)

Annualized Standard Deviation (%)	15.2
Sharpe Ratio	0.19
Tracking Error (%)	4.4
Information Ratio	1.7
Alpha (%)	6.7
Beta	0.9
Success ratio % Last 5 years	59

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