

Khaleej Equity Fund

Fact Sheet - June 2012

NAV US\$ 205.01 ↓ 2.9%

Manager's Commentary

Most regional markets recorded negative returns in June led by Saudi Arabia and Qatar that fell approximately 4% each. Sell off in selected names led the decline in Qatar, while small caps and speculative companies within Saudi Arabia witnessed intense selling pressure. Other GCC markets fell in the range of 1-2%. On the other hand, Abu Dhabi managed to buck the negative trend and closed marginally up (0.3%) for the month. Trading volumes continued to decline as investors refrained from building fresh positions. The regional markets mirrored oil prices which at one point in time touched a low of US\$90/barrel (Brent Crude) before partly recovering towards the end of the month.

In June, the value of the fund declined by 2.9% similar to that of the benchmark. The fund was primarily affected by the declines in selected Saudi and Qatari holdings. During the month, we continued to build exposure to new stock ideas within Saudi Arabia. At the same time, we trimmed our holdings in selected Qatari financials on the expectation that spreads would continue to contract. In the volatile environment experienced during the second quarter, the fund outperformed the benchmark by 200 basis points. This was a result of our disciplined investment approach of avoiding speculative stocks within Saudi Arabia and having a more defensively oriented portfolio.

Going forward, the regional markets are expected to remain subdued as investors wait for second quarter results. Onset of the holiday season should also limit investor activity in the short term. However, barring any external shock, post summers trading activity is likely to resume given the relatively strong underlying fundamentals and attractive valuations that the markets are trading at. We are positioning the fund in order to benefit from such a recovery by investing in good quality names.

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
June 2012	-2.9	-2.9
YTD 2012 (Jan -June)	0.2	1.0
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	-10.0	-12.0
Last 6 months	0.2	1.0
Last 1 year	-1.6	-3.2
Last 3 years	9.3	7.8
Last 5 years	3.1	-27.3
Since Inception (Mar 04-Jun12)	105.0	26.1

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

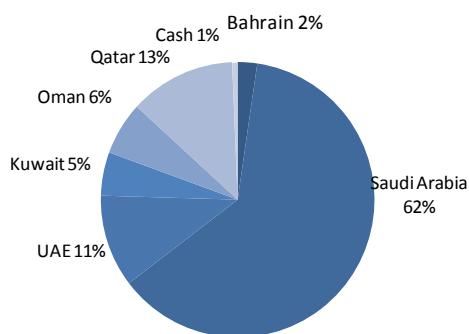
Name	Country	(%)
Etihad Etisalat	Saudi	5.1
Saudi Basic Industries	Saudi	4.9
Industries Qatar	Qatar	4.7

Risk Statistics

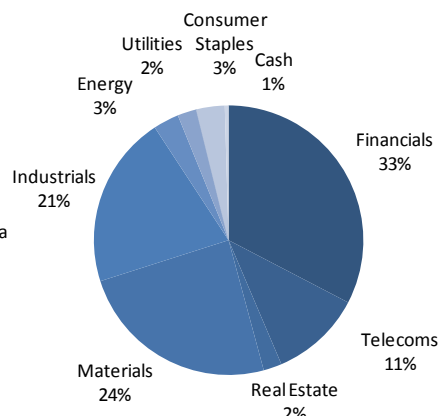
Annualized Standard Deviation (%)	18.7
Sharpe Ratio	0.3
Tracking Error (%)	13.1
Information Ratio	0.5
Alpha (%)	5.9
Beta	0.7

For further information contact: assetmanagement@sicobahrain.com

Country Allocation



Sector Allocation



Key Statistics

	Fund	Index
Price Earnings Multiple TTM (x)	10.5	12.4
Price to Book Multiple Latest (x)	2.2	1.6
Return on Equity TTM (%)	21.3	12.5
Dividend Yield - 2011 (%)	4.8	4.3
Number of Holdings	35	236
Annualized Return (%)	9.1	2.9
Annualized Standard Deviation (%)	18.7	23.4
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 (%)	37.1	42.2

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Investment Bank