



Khaleej Equity Fund

Fact Sheet - June 2013

NAV US\$ 253.98 ↓0.4%

Manager's Commentary

International markets witnessed extremely high volatility during the month and reacted to key macroeconomic developments. The US Fed's announcement to indicate a timeline to taper off the amount of quantitative easing and an acute liquidity crunch in China took its toll on majority of the global markets. Emerging markets fell 7% led by China (-14%) and Brazil (-11.3%) while the US as measured by the S&P 500 Index was down 1.5%. On the other hand, the GCC markets fared relatively well and continued to outperform the emerging markets. The overall GCC index declined by 1.1% as Saudi and Qatari markets posted positive returns of 1.2% and 0.4%, respectively. Dubai and Kuwait fell 6% each while other bourses were sideways.

Against this backdrop, the NAV of the fund declined marginally in June. The fund benefitted from its exposure to Saudi banks that rose in the range of 5-10% and were amongst the top contributors. In addition, defensive and consumer sector stocks also added to the returns. During the first half of the year, the fund has performed exceptionally well and is up 17.2%. Active bets especially from the Saudi consumer theme have mainly contributed to the outperformance for the year.

Markets are expected to consolidate in the short term as the month of Ramadan commences and investors watch second quarter earnings announcements. Over the medium to long term, the region should benefit from the recent upgrade of Qatar and the UAE to Emerging Market status and the healthy dividend yield that the region still offers. Furthermore, the Saudi banking sector which has massively underperformed during the last four years can continue to see renewed investor interest, given that Saudi banks are well positioned to benefit from an uptrend in interest rates.

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*
June 2013	-0.4	-1.1
2013 (Jan-Jun)	17.2	9.4
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	7.5	4.6
Last 6 months	17.2	9.4
Last 1 year	23.9	11.8
Last 3 years	36.1	19.5
Last 5 years	-9.9	-36.4
Since Inception (Mar 04-Jun 13)	154.0	40.9

* 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

Top Holdings

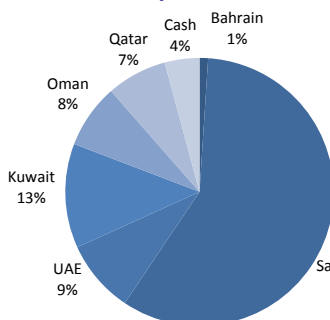
Name	Country	(%)
Al Rajhi Bank	Saudi	7.2
Etihad Etisalat	Saudi	7.2
Saudi Basic Industries	Saudi	6.7

Risk Statistics

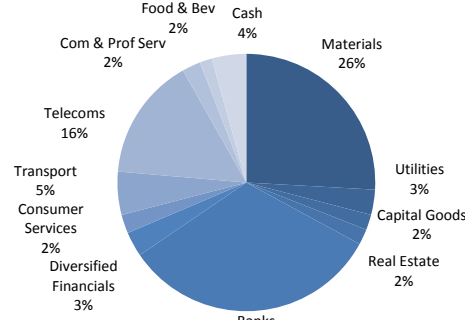
Annualized Standard Deviation (%)	17.5
Sharpe Ratio	0.4
Tracking Error (%)	12.4
Information Ratio	0.6
Alpha (%)	7.0
Beta	0.7

For further information contact: assetmanagement@sicobahrain.com

Country Allocation



Sector Allocation



Key Statistics

	Fund	Index
Price Earnings Multiple TTM (x)	13.3	14.1
Price to Book Multiple Latest (x)	2.5	1.7
Return on Equity TTM (%)	19.1	12.4
Dividend Yield - 2012 (%)	4.4	3.9
Number of Holdings	32	277
Annualized Return (%)	10.6	3.8
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 (%)	69.8	59.0

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