

Khaleej Equity Fund

Fact Sheet - March 2012

NAV US\$ 227.89 ↑ 4.0%

Manager's Commentary

The GCC markets continued the rally and extended their gains for the year. The overall index, as measured by the S&P GCC index, appreciated by 5.1% during March. For the third consecutive month, gains were led by Saudi Arabia that rose 7.7% after appreciating close to 10% in February. Trading volumes continued to surge in Saudi with the average daily value traded exceeding US\$5bn in some trading sessions. Kuwait gained 2.6% as selected large caps witnessed some renewed interest, while Qatar and Bahrain closed flat. Oman fell 2.5%, while Dubai and Abu Dhabi experienced profit taking that resulted in the indices declining by 4.7% and 2.2%, respectively.

During the month, the NAV of your fund increased by 4% extending its year to date return to 11.4%. The fund benefited from its holdings in the Saudi petrochemical space along with other selected holdings in Saudi. The benchmark, on the other hand, primarily benefited from the continued rally in the second tier stocks in Saudi Arabia. Stocks such as Saudi Kayan (+21%), Zain Saudi (+35%), Dar Al Arkan (+40%) and other small caps contributed a significant portion to the benchmark's returns during the month. During the first quarter the fund has lagged the benchmark primarily due to the rally in the speculative and low quality names. Such stocks, according to our estimates, contributed around 5% to the total benchmark's return for the quarter.

Given the sharp increase in share prices during the first quarter and especially in the small to mid cap segment, we expect the markets to witness increased volatility. First quarter earnings should be a crucial test to assess the sustainability of the rally. Our strategy is to continue to rebalance the fund by switching from stocks that have risen sharply and investing in fundamentally attractive companies that have lagged.

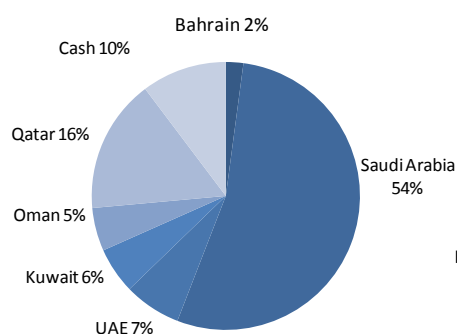
Investment Objective

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

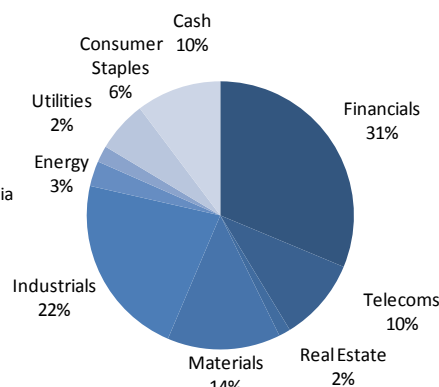
Returns (%)

	Fund	S&P GCC Index
Mar 2012	4.0	5.1
YTD 2012 (Jan -Mar)	11.4	14.7
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	11.4	14.7
Last 6 months	16.1	17.9
Last 1 year	7.6	9.1
Last 3 years	44.8	49.8
Last 5 years	27.8	-17.1
Since Inception (Mar 04-Mar12)	127.9	43.3

Country Allocation



Sector Allocation



Key Statistics

	Fund	Index
Price Earnings Multiple TTM (x)	12.3	13.8
Price to Book Multiple Latest (x)	2.6	1.8
Return on Equity TTM (%)	21.0	13.3
Dividend Yield - 2011 (%)	4.7	3.9
Number of Holdings	34	269
Annualized Return (%)	10.8	4.6
Annualized Standard Deviation (%)	18.8	23.7
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 (%)	52.4	61.6

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	4.8
Industries Qatar	Qatar	4.3
Saudi Basic Industries	Saudi	4.1

Risk Statistics

Annualized Standard Deviation (%)	18.8
Sharpe Ratio	0.4
Tracking Error (%)	13.3
Information Ratio	0.5
Alpha (%)	6.4
Beta	0.7

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Investment Bank