



Khaleej Equity Fund

Fact Sheet - March 2014

NAV US\$ 303.89 ↑ 2.6%

Manager's Commentary

The GCC index gained 2.7% in March and recorded its seventh consecutive monthly gain. Main contributions came from the 4% increase in the Saudi and Kuwaiti bourses. Within Saudi Arabia, blue chip companies continued to post modest gains while the small to mid-cap segment of the market, especially consumer names, rallied and drove the market higher. In Kuwait, large caps such as National Bank of Kuwait (+6%), Mobile Telecommunication (5%) and Kuwait Finance House (+8%) helped the market to recover. Dubai fell around 7% during the first half of the month but made a sharp recovery during the second half to end the month with a 5.5% gain on the back of retail inflows. Others bourses were relatively subdued and closed marginally down, except for Oman that fell 3.6% during the month.

The NAV of Khaleej Equity Fund increased by 2.6% and closed at its highest ever value. Please note that your portfolio has underperformed its benchmark over the past seven months (portfolio up 14.3% and benchmark up 21.4%) because of the same reason – avoiding overpriced small and midcap Saudi consumer/ retail names and second tier momentum driven UAE names. To highlight this, we estimate that over half of the returns of the index over the past one year have come from stocks with 1% or lower weight in the index.

We are pleased to inform our unit holders that your fund has completed ten years since its inception in March 2004. It is amongst the few funds in the region with such a long term track record and stable management team. During this eventful period we have seen many ups and downs – the bull run of 2004-2005 followed by the two crashes from 2006-2008 and finally the recovery which started in 2009 and continues to date. Your fund has generated a return of 204% during this investment cycle of ten years versus a 77% return for the index. Hence despite periods of underperformance, your fund has managed to produce this healthy alpha over the long term mainly due to our conservative asset allocation and prudent stock picking which focuses on the long term potential of the underlying investments rather than focusing on short term momentum driven rallies. Given this, we are confident that our disciplined investment will deliver strong returns going forward.

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*
March 2014	2.6	2.7
2014 (Jan-Mar)	9.3	10.1
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	9.3	10.1
Last 6 months	13.1	18.1
Last 1 year	28.6	31.7
Last 3 years	43.5	35.1
Last 5 years	93.1	85.5
Last 10 years	203.9	77.4
Since Inception (Mar 04–Mar14)	203.9	77.4

* 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

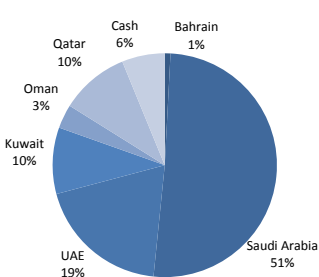
Name	Country	(%)
Saudi Basic Industries	Saudi	6.9
Emaar Properties	UAE	5.1
Al Rajhi Bank	Saudi	4.9

Risk Statistics (Last 5 years)

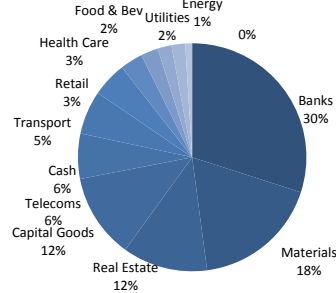
Annualized Standard Deviation (%)	13.8
Sharpe Ratio	0.8
Tracking Error (%)	4.5
Information Ratio	0.1
Alpha (%)	3.7
Beta	0.7

For further information contact: assetmanagement@sicobahrain.com

Country Allocation



Sector Allocation



Key Statistics

	Fund	Index
Price Earnings Multiple TTM (x)	15.4	16.6
Price to Book Multiple Latest (x)	2.4	2.1
Return on Equity TTM (%)	15.7	12.5
Dividend Yield – 2013 (%)	3.5	3.2
Number of Holdings	41	276
Annualized Return (%) – Last 5 years	14.1	13.2
Annualized Standard Deviation (%) Last 5 years	13.7	14.4
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	61	56
Success Ratio (%)	52	NM
Maximum Drawdown-Peak to Trough (%)	-47.4	-62.6
Length of Drawdown (months)	9	9
Recovery from Maximum Drawdown (%)	103.2	100.1

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