

# Khaleej Equity Fund

Fact Sheet - March 2015



NAV US\$ 302.56 ↓ 4.3%

## Manager's Commentary

The regional markets experienced significant correction in March on the back of political turmoil in Yemen. Dubai's DFM was the worst performer declining by -9% mainly driven by foreign selling in large caps such as Arabtec (-27%), and Emaar properties (-12.6%). The Saudi market also failed to maintain its positive trend and ended the month declining by 5.7% despite being up by approximately 4% in the middle of the month. Other GCC markets also fell in the range of 5-6%.

The Khaleej Equity Fund declined by 4.3% compared to the 6.9% decline in the benchmark. Your fund managed to outperform the index despite its relatively low cash allocation mainly due to stocks selection. Our core holdings in the consumer and insurance sector rose 10-15% in an overall declining market. Similarly, in the UAE, Emaar Malls and Dubai Parks did not fall, although the overall market declined by 9%.

Contrary to consensus opinion and despite the prevailing geopolitical concerns and worries over the low oil prices, we believe the recent declines should present long-term investors with a good opportunity to gain exposure to the market. Based on current oil prices, the petrochemical companies are trading at forward PE of 11-15x (2015E) and as the price of oil starts trending up this sector should experience significant upside. Banks in Saudi should in the long term benefit from increase in US interest rates and higher government borrowing. In addition, low commodity prices should improve the margins of consumer companies such as Almarai. There are reports that the Saudi Market would be open to foreign investors this year which would also likely be a trigger in realizing the upside of the market. Hence we opted to remain fully invested.

## 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 2015	-4.3	-6.9
YTD (Jan-Mar)	3.9	-0.1
2014	4.7	-2.5
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	3.9	-0.1
Last 6 months	-12.5	-20.7
Last 1 year	-0.4	-11.6
Last 3 years	32.8	9.5
Last 5 years	43.7	17.4
Last 10 years	84.3	-18.6
Since Inception(Mar04- Mar15)	202.6	56.8

\* 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

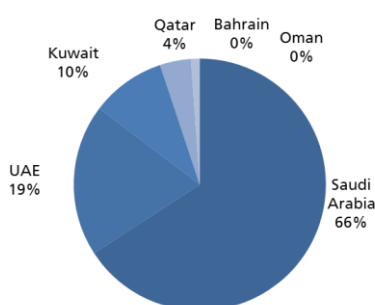
## Top Holdings

Name	Country	(%)
VIVA Kuwait	Kuwait	4.7
Emaar	UAE	4.1
Bupa	Saudi	4.0

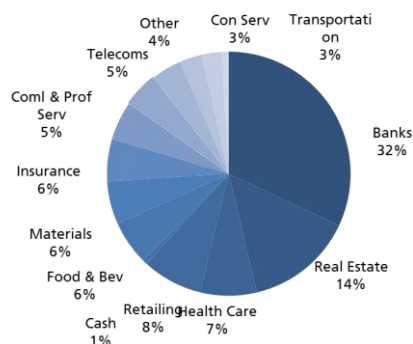
## Risk Statistics (Last 5 years)

Annualized Standard Deviation (%)	13.9
Sharpe Ratio	0.3
Tracking Error (%)	4.5
Information Ratio	0.99
Alpha (%)	4.2
Beta	0.9

### Country Allocation



### Sector Allocation



## Key Statistics

	Fund	Index
Price Earnings Multiple TTM (x)	17.5	15.5
Price to Book Multiple Latest (x)	1.8	1.8
Return on Equity TTM (%)	12.4	11.7
Dividend Yield - 2014 (%)	3.0	3.5
Number of Holdings	42	276
Annualized Return (%) - Last 5 years	7.4	3.3
Annualized Standard Deviation (%) - Last 5 years	13.9	14.6
Largest Monthly Gain (%)	14.8 (Mar 05)	17.6 (Mar 05)
Largest Monthly Loss (%)	-20.3 (Oct 8)	-24.7 (Oct 08)
% of Positive Months	60	57
Success Ratio (%)	53	NM
Maximum Drawdown-Peak to Trough (%)	-47.4	-62.6
Length of Drawdown (months)	9	9
Recovery from Maximum Drawdown (%)	102	76.9

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