

# Khaleej Equity Fund

Fact Sheet - March 2016



NAV US\$ 255.99 ↑2.2 %

## Manager's Commentary

Regional markets continued to trend up during the month in tandem with the increase in price of oil. The price of Brent crude rallied by 10% while S&P GCC index was up by 1.9% driven by Qatar +4.9% UAE +2.9% and Saudi Arabia +2.1%. Qatar Investor group (+55%) Vodafone Qatar(+20%) and Qatar Insurance (+13.2%) were among the top gainers in Qatar while the UAE market was driven by large caps such as Aldar (+14%) DP World (+13%) and National Bank of Abu Dhabi (+12%).

In March your fund was up by 2.2% and the Index was up by 1.9%. While our investments in UAE positively contributed to the funds returns, the index benefited from gains in Qatari market and the rally in share price of Mobily in Saudi Arabia. Mobily which has a relatively large weight in the index increased by 30% on reports that a consortium of investors are bidding to acquire its portfolio of wireless towers. While this is a positive development, we opted not to invest in the company as we believe that even if we factor the positive impact of the tower sales, the company would still be trading at expensive valuation multiples given its depressed earnings. MSCI emerging markets index rallied by 14% during the month. As a consequence, Qatari market benefited from foreign inflows of approximately USD 250m. This helped push up the index due to the relative illiquidity of the Qatari constituents of the MSCI emerging market index.

The price of oil has rebounded by ca.50% from its lows this year and the liquidity squeeze in Saudi Arabia should ease as Saudi government has started settling its dues. These positive developments have ameliorated the level of investor anxiety. However we expect the regional governments to continue to rationalize spending and subsidies, this would ultimately impact the profitability of regional corporates. Given the current environment, we have opted to focus our investments in companies with strong balance sheets and healthy cash flows.

## 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 2016	2.2	1.9
YTD (March 2016)	-6.3	-5.6
2015	-6.2	-17.4
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	-6.3	-5.6
Last 6 months	-10.3	-12.4
Last 1 year	-15.4	-21.9
Last 3 years	8.3	-9.1
Last 5 years	20.9	-6.7
Last 10 years	39.7	-57.4
Since Inception(Mar04-Mar16)	156.0	22.5

## 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

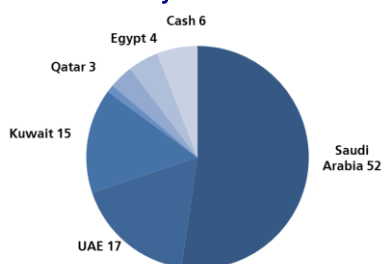
## Top Holdings

Name	Country	(%)
Al Rajhi	Saudi	7.3
Emaar	UAE	5.8
SADAFCO	Saudi	4.9

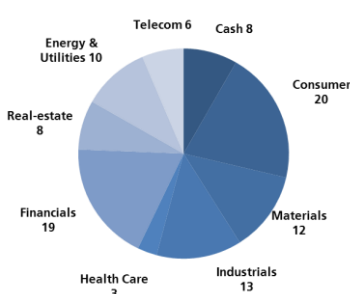
## Risk Statistics (Last 5 years)

Annualized Standard Deviation (%)	15.3
Sharpe Ratio	0.1
Tracking Error (%)	4.2
Information Ratio	1.3
Alpha (%)	5.2
Beta	0.9

## Country Allocation



## Sector Allocation



## Key Statistics

	Fund	Index
Price Earnings Multiple TTM (x)	13.4	12.9
Price to Book Multiple Latest (x)	1.6	1.3
Return on Equity TTM (%)	12.3	10.6
Dividend Yield - 2014 (%)	4.3	4.4
Number of Holdings	38	276
Annualized Return (%) - Last 5 years	3.9	-1.4
Annualized Standard Deviation (%) - Last 5 years	15.2	16.0
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	58	55
Success ratio	55%	
Latest drawdown-Peak to Trough (%)	-29.2	-42.2
Length/Duration of Drawdown - (months)	Aug14- an16 17	Aug14- Jan16 17
Recovery from Latest Drawdown (%)	5.1	5.7

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