

Khaleej Equity Fund

Fact Sheet - May 2011

NAV US\$ 211.63 ↓ 2.4%

Manager's Commentary

Most of the regional markets witnessed profit taking during May and declined in the range of 2-5%. International markets also pulled back as concerns over the pace of the global economic recovery heightened. Within the GCC, Saudi Arabia was the exception, increasing marginally by 0.4%. Kuwait underwent a correction and declined by 5.1%. Zain fell 13.3% while other large caps declined in the range of 5-10%. Dubai and Abu Dhabi markets declined by 4.5% and 2.1%, respectively as investors booked profits that accrued over the past two months. Qatar retreated by 2.0%, while the smaller markets of Oman and Bahrain dropped 4-5%.

The NAV of Khaleej Equity Fund declined by 2.4% during the month compared to a 1.7% drop in the benchmark. The underperformance during the month is primarily attributed to our underweight allocation to Saudi equities (fund allocation of 45% versus benchmark allocation of 60%). Apart from this, the rally in the Saudi cement sector contributed significantly to the benchmark's return. During the month, we continued restructuring the portfolio by switching from stocks that we believe were fairly valued to more attractive investments particularly in the Saudi banking sector.

We expect the markets to remain subdued in the short term given the global economic recovery woes and lack of any positive catalyst. This would provide us with a good entry point to fresh investment ideas that we have finalized based on our recent round of management meetings across the region. Healthy second quarter earnings should act as a positive catalyst for these markets allowing us to position the fund in order to capitalize on any upsurge that may arise.

Investment Objective

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

Fund Returns (%)

	Fund	S&P GCC Index
May 2011	-2.4	-1.7
YTD 2011 (Jan - May)	-2.7	-2.3
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	6.8	7.4
Last 6 months	3.7	2.2
Last 1 year	10.5	11.0
Last 3 years	-25.6	-40.6
Last 5 years	28.5	-36.5
Since Inception (Mar 04-May11)	111.6	33.0

Fund Information

Launch Date	March 2004
Management Fee	1.5%
Performance Fee	10% over 10% pa
Subscription & Redemption	Weekly
Dealing Date	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

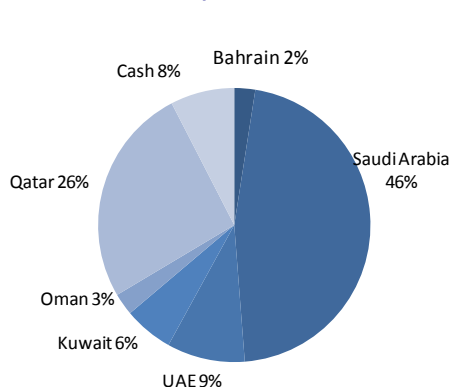
Name	Country	(%)
Etihad Etisalat	Saudi	6.3
Saudi Arabia Basic Industries	Saudi	6.0
Al Rajhi Bank	Saudi	5.2

Risk Statistics

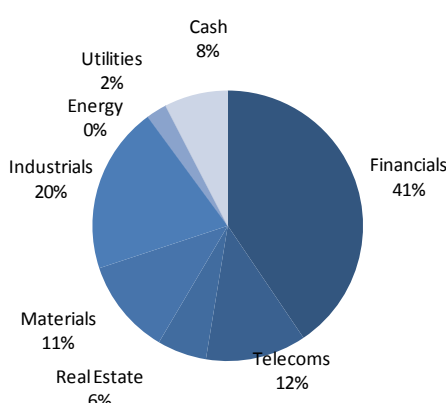
Annualised Standard Deviation (%)	19.2
Tracking Error (%)	13.9
Sharpe Ratio	0.4
Information Ratio	0.5
Beta	0.6
Alpha (%)	7.0

For further information contact: assetmanagement@sicobahrain.com

Country Allocation



Sector Allocation



Fund Statistics

	Fund	Index
Price Earnings Multiple TTM (x)	12.7	13.6
Price to Book Multiple Latest (x)	2.5	1.8
Dividend Yield 2010 (%)	4.2	4.0
Number of Holdings	29	269
Annualized Return (%)	11.0	4.1
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	56
Maximum Drawdown- Peak to Trough (%)	47.4	62.4
Length of Drawdown (months)	9	9
Recovery from recent trough (%)	44.9	50.0