



# Khaleej Equity Fund

Fact Sheet - May 2013

NAV US\$ 255.03 ↑ 3.4%

## Manager's Commentary

The gulf bourses extended their positive run and for the seventh consecutive month, the GCC index posted a gain. Saudi Arabia, which had been relatively quiet thus far, showed signs of recovery and appreciated by 3.1% during the month. Dubai and Abu Dhabi continued to be the best performing bourses and increased by 10.8% and 8.8%, respectively. Investor confidence in the real estate and banking sectors remained firm. Kuwait posted its second consecutive monthly return of around 5% as financial sector stocks continued to rally. Renewed appetite was seen in Qatar (+6.5%) as investors welcomed the announcement of a delay in the US\$3bn IPO of Doha Global Investment Company.

In such a backdrop, the fund continued to report gains and was up 3.4% for the month. The returns came primarily from our core holdings across various sectors and geographies. Stocks from the mid-cap petrochemical and consumer sectors outperformed and posted returns in the range of 5-10%. In addition, financial sector stocks also contributed to the fund's return. On a year to date basis the fund is up 17.7% and has appreciated by 20.8% during the last one year.

Between 2009 and 2012, the GCC markets substantially underperformed the emerging markets. During this period, the emerging markets increased by 86%, while the GCC markets appreciated by only 22%. Year to date, GCC markets have increased by 11% whereas the emerging markets have fallen by 4% - a trend that we believe can continue for some time. We expect healthy returns from the GCC in the medium to long term driven primarily by expectation of higher interest rate environment, which should benefit the regional financials. In the short run there could be a consolidation in the markets as we approach the summer and Ramadan, during which period the regional investor activity is low.

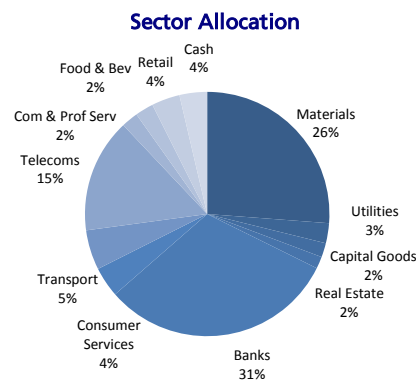
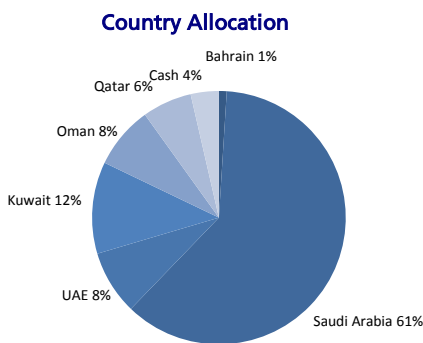
## Investment Objective

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

### Returns (%)

	Fund	Index*
May 2013	3.4	3.5
2013 (Jan-May)	17.7	10.5
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	10.5	6.5
Last 6 months	20.7	13.0
Last 1 year	20.8	9.7
Last 3 years	33.1	18.9
Last 5 years	-10.4	-36.4
Since Inception (Mar 04-May13)	155.0	42.5

\* S&P GCC Composite Index



## Key Statistics

	Fund	Index
Price Earnings Multiple TTM (x)	13.3	14.2
Price to Book Multiple Latest (x)	2.6	1.8
Return on Equity TTM (%)	20.3	12.4
Dividend Yield - 2012 (%)	4.3	3.9
Number of Holdings	33	277
Annualized Return (%)	10.8	3.9
Annualized Standard Deviation (%)	17.6	24.0
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	55
Success Ratio (%)	55	NA
Maximum Drawdown-Peak to Trough (%)	-47.4	-62.6
Length of Drawdown (months)	9	9
Recovery from Maximum Drawdown (%)	70.5	60.7

## 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	7.1
Al Rajhi Bank	Saudi	7.1
Saudi Basic Industries	Saudi	6.4

## Risk Statistics

Annualized Standard Deviation (%)	17.6
Sharpe Ratio	0.4
Tracking Error (%)	12.5
Information Ratio	0.6
Alpha (%)	7.1
Beta	0.7

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