

Khaleej Equity Fund

Fact Sheet - May 2016



NAV US\$ 270.45 ↓ 1.7 %

Manager's Commentary

Regional markets experienced profit taking in the month of May on the back of three months of positive returns. The UAE (-7%) and Qatari market (-6.5%) posted the biggest declines driven by lower foreign inflows. In the months of March and April the Qatari and UAE markets benefited from foreign inflows of USD 690m and USD 550m respectively, however in the month of May the inflows dropped to USD 110m. In Saudi Arabia the Tadawul Index declined 5.3%, Financials and Petrochemicals were the biggest drags on the index.

During the month your fund was down by 1.7% outperforming the index which declined by 4.9%. Gains in two of our core holdings, SADAFCO and Air Arabia together with our limited exposure to Qatari market contributed to the healthy outperformance of the fund. Share price of Air Arabia increased by 8% during the month as the company reported better than expected earnings. Air Arabia's first quarter earnings increased 40% YoY due to lower fuel cost. SADAFCO's share price increased by 11% in May, the stock continues to attract investor interest as the company's margins are expected to remain healthy due to low milk power prices.

Over the past month, S&P GCC index fell 5% despite 5% increase in the price of oil. The disparity in performance is on part due to the growing investor worries over the prospects for corporate earnings in Saudi Arabia. Over next four years, the Kingdom is trying to triple government non-oil revenue and substantially cut subsidies. This will significantly impact corporate profitability due to potential higher taxes, increase in cost of utilities and lower consumer spending. We believe consumer companies and companies in the construction sector are likely to be most impacted and hence we have opted to have limited exposure to these sectors.

Investment Objective

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

Returns (%)

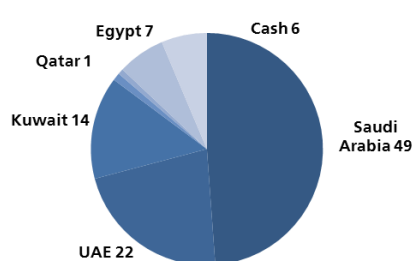
	Fund	Index*
May 2016	-1.7	-4.9
YTD (April 2016)	-1.0	-2.4
Last 3 months	7.9	5.1
Last 6 months	-3.9	-4.7
Last 9 months	-6.7	-10.3
Last 1 year	-19.4	-24.3
Last 3 years	6.0	-4.1
Last 5 years	27.8	10.8
Last 7 years	40.9	31.3
Last 10 years	64.2	-12.1
Since Inception (Mar04-May16)	170.5	93.9

* S&P GCC Total Return Index

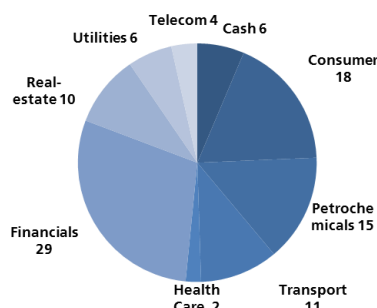
Fund Information

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	KHALEYQ BI
Fund ISIN Code	BH000A1CZ8W7
Custodian/ Administrator	HSBC, Bahrain

Country Allocation %



Sector Allocation %



Key Statistics

	Fund	Index
Price Earnings Multiple TTM (x)	13.7	13.1
Price to Book Multiple Latest (x)	1.6	1.3
Return on Equity TTM (%)	12.0	10.4
Dividend Yield - 2015 (%)	3.7	4.3
Number of Holdings	38	276
Annualized Return (%) - Last 5 years	5.0	2.1
Annualized Standard Deviation (%) - Last 5 years	15.2	16.5
Largest Monthly Gain (%) Last 5 years	12.0 (April 15)	10.1 (April 15)
Largest Monthly Loss (%) Last 5 years	12.9 (Aug 15)	13.9 (Aug 15)
% of Positive Months	59	56
Latest drawdown-Peak to Trough (%)	-29.2	-40.2
Length/Duration of Drawdown - (months)	Aug14- Jan16 17	Aug14- Jan16 17
Recovery from Latest Drawdown (%)	Feb16- April16 11.0	Feb16- April16 9.3

Top Holdings

Name	Country	(%)
Al Rajhi	Saudi	7.7
SADAFCO	Saudi	5.9
Air Arabia	UAE	5.7

Risk Statistics (Last 5 years)

Annualized Standard Deviation (%)	15.2
Sharpe Ratio	0.13
Tracking Error (%)	4.4
Information Ratio	1.6
Alpha (%)	6.3
Beta	0.9
Success ratio % Last 5 years	55

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Securities & Investment Company BSC (c)
P.O. Box 1331, Manama, Kingdom of Bahrain
Tel: +973 1751 5000 Fax: +973 1751 4000
CR No: 33469

شركة الأوراق المالية والاستثمار ش.م.ب (م)
ص.ب: 1331، المنامة، مملكة البحرين
هاتف: +973 1751 5000 فاكس: +973 1751 4000
سجل تجاري رقم 33469

بنك استثماري sico
Investment Bank