

Khaleej Equity Fund

Fact Sheet - November 30, 2010

NAV US\$ 204.10 ↓ 0.1%

Manager's Commentary

The regional markets posted mixed performance during the month as only two of the bourses managed to close in the positive territory. Qatar was the best performing market and its benchmark appreciated by 4.4% while Oman inched up 0.6%. The UAE bourses fell after two strong months with Dubai and Abu Dhabi declining 5.4% and 3.1%, respectively. Renewed concerns on Dubai's debt repayment capacity resulted in profit taking across the board. Bahrain and Kuwait were down approximately 2%, while Saudi Arabia declined marginally. Highly volatile global markets on account of the eurozone debt crisis also added to the weak investor sentiment within the region.

The NAV of Khaleej Equity Fund declined by 0.1% for the month as compared to a 0.6% drop in the benchmark. On a year to date basis, the fund is up 7.1% versus a 7.9% rise in the benchmark. Note that the gap in performance between the fund and the benchmark has narrowed considerably over the last couple of months. We believe this trend would continue in the coming months. In November, the fund benefited from the rise in its Qatari holdings which constitutes one-fifth of the fund. However, the overall progress was restricted by the modest declines in holdings in the UAE and Saudi Arabia.

During the month, we booked profits in the UAE fearing a market overreaction subsequent to news reports that Dubai Holding may request a standstill on some of its loans. As a result, the fund's cash allocation increased to 16% - a tactical asset allocation move. We intend to invest this cash in selected equities across the region with solid fundamentals. Furthermore, we are positioning a certain portion of the fund into high dividend yielding stocks so that the fund benefits from the upcoming dividend season.

Investment Objective

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

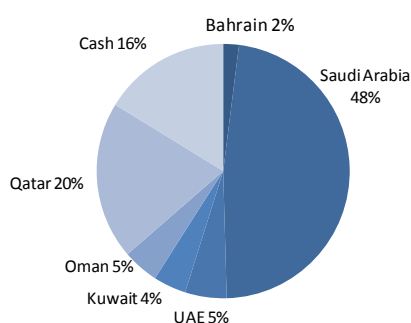
Fund Returns (%)

	Fund	S&P GCC Index
Nov 2010	-0.1	-0.6
YTD 2010 (Jan - Nov)	7.1	7.9
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	6.6
Last 6 months	6.6	8.7
Last 1 year	0.9	5.0
Last 3 years	-9.5	-37.8
Last 5 years	0.6	-55.8
Since Inception (Mar 04-Nov10)	104.1	30.1

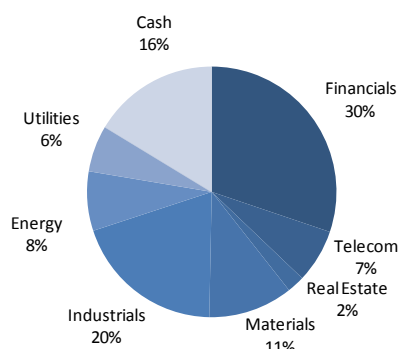
Fund Information

Launch Date	March 2004
Management Fee	1.5%
Performance Fee	10% over 10% pa
Subscription & Redemption	Weekly
Subscription Deadline	Two Business days before Dealing Day
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 Middle East, Bahrain

Country Allocation



Sector Allocation



Fund Statistics

Price Earnings Multiple TTM (x)	13.0
Price to Book Multiple Latest (x)	2.1
Dividend Yield 2009 (%)	3.6
Number of Holdings	30
Annualized Return (%)	11.3
Largest Monthly Gain (%)	14.8 (Mar 05)
Largest Monthly Loss (%)	-20.3 (Oct 08)
% of Positive Months	61
Maximum Drawdown- Peak to Trough (%)	47.4
Length of Drawdown (months)	9
Recovery from recent trough (%)	36.5

Top Holdings

Name	Country	(%)
Etihad Etisalat	Saudi	5.0
Saudi Arabia Amiantit	Saudi	5.0
Saudi Basic Industries Corp	Saudi	4.2

Risk Statistics

Annualised Standard Deviation (%)	19.4
Sharpe Ratio	0.4
Information Ratio	0.5
Beta	0.6
Alpha (%)	7.0

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