

Khaleej Equity Fund

Fact Sheet - November 2011

NAV US\$ 198.41 ↓ 1.6%

Manager's Commentary

Performance of international markets largely dictated the direction of regional markets in November and the S&P GCC Index dropped by 1.8% for the month. All markets except Bahrain (+1.3%) and Qatar (which ended flat) declined during the month. Oman was the worst performing market and fell by 3%, followed by Abu Dhabi (-2.3%) and Dubai (-2.1%). Rest of the markets declined in the range of 2%. Galfar Engineering (-12%) and Renaissance Services (-15%) contributed to the losses in Oman while the markets in the UAE were impacted by real-estate related stocks.

The fund declined by 1.6% for the month compared to a 1.8% drop in the benchmark. The fund benefited from its investments in Qatar that were either flat or rose slightly and our allocation to Aluminium Bahrain. Its share price recovered as the previous sell down was an overreaction on the part of investors and its 15% appreciation in November benefited the fund. In addition, certain defensive oriented stocks particularly from Saudi Arabia rose during the month and also contributed positively. However, declines in our petrochemical and Saudi banking sector stocks limited the performance during the month.

European sovereign debt woes are likely to dominate news flow in the near term and we expect this to result in increased volatility of the regional markets. Further more, initial indications from China suggest that its economy is slowing. Given the uncertainty, we have further increased our allocation of defensive stocks, which now account for approximately 25-30% of our fund. We further increased our exposure to high dividend yielding stocks particularly from Qatar. We believe these allocation moves would provide a margin of safety against the current volatile environment.

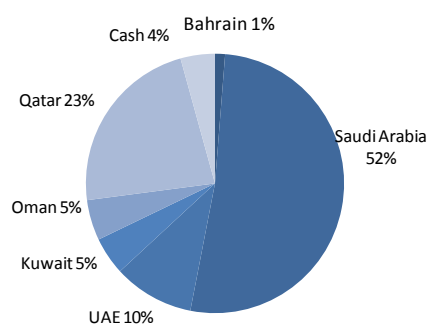
Investment Objective

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

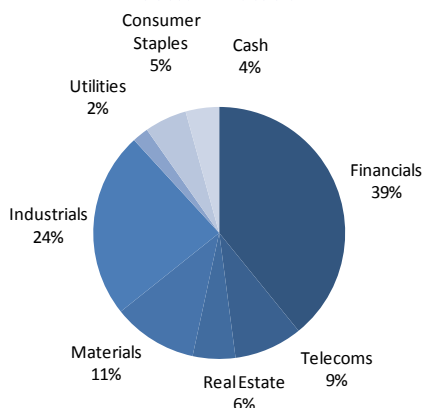
Returns (%)

| | Fund | S&P GCC Index |
|--------------------------------|-------|---------------|
| Nov 2011 | -1.6 | -1.8 |
| YTD 2011 (Jan - Nov) | -8.7 | -10.7 |
| 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 | -0.3 | 0.7 |
| Last 6 months | -6.2 | -8.7 |
| Last 1 year | -2.8 | -6.7 |
| Last 3 years | 17.5 | 7.2 |
| Last 5 years | 19.5 | -30.2 |
| Since Inception (Mar 04-Nov11) | 98.4 | 21.5 |

Country Allocation



Sector Allocation



Key Statistics

| | Fund | Index |
|--------------------------------------|----------------|----------------|
| Price Earnings Multiple TTM (x) | 11.3 | 11.9 |
| Price to Book Multiple Latest (x) | 2.3 | 1.5 |
| Return on Equity TTM (%) | 20.4 | 13.0 |
| Dividend Yield - 2010 (%) | 4.6 | 4.4 |
| Number of Holdings | 34 | 269 |
| Annualized Return (%) | 9.3 | 2.6 |
| Annualized Standard Deviation (%) | 19.1 | 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 | 58 | 54 |
| Maximum Drawdown- Peak to Trough (%) | -47.4 | -62.6 |
| Length of Drawdown (months) | 9 | 9 |
| Recovery from recent trough (%) | 32.7 | 37.0 |

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 | 5.3 |
| Industries Qatar | Qatar | 5.2 |
| Saudi Basic Industries | Saudi | 4.9 |

Risk Statistics

| | |
|-----------------------------------|------|
| Annualized Standard Deviation (%) | 19.1 |
| Sharpe Ratio | 0.3 |
| Tracking Error (%) | 13.5 |
| Information Ratio | 0.5 |
| Alpha (%) | 6.4 |
| Beta | 0.7 |

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