

Khaleej Equity Fund

Fact Sheet - November 2012

NAV US\$ 211.25 ↓ 0.9%

Manager's Commentary

The majority of regional bourses declined in November led by Saudi Arabia that contracted close to 4%. Unfounded rumors surrounding the health of King Abdulla resulted in a retail selloff across most sectors. The proposed labor law which involves penalties for companies having an expatriate workforce majority also affected the overall sentiment. Other markets, except for Kuwait fell in the range of 1-2%, as investor sentiment remained subdued. Kuwait was the only GCC bourse to appreciate, with the market cap weighted index rising 4.2%. The Kuwaiti equity market was propped up by the Support Fund that continued to invest. Resultantly, large caps were up in the range of 10-15% that lifted the overall index.

The fund declined by 0.9% compared to a negative 1.7% return for the benchmark. The fund benefited from its defensive exposure (consumer and cement stocks) and stable performance of its UAE holdings. Conversely, the benchmark was aided primarily by the rise of the Kuwaiti companies. On a year to date basis, the fund is up 3.3% compared to a 1% rise in the benchmark

The fund's restructuring process continued in November whereby we exited stocks where we believe the medium to long term fundamentals have changed. At the same time, we built fresh positions focusing on the Saudi consumer theme. In November, we also met the management of key Saudi companies that has helped us in redefining our investment strategy. We will continue to invest in selected holdings where businesses are solid and dividend yields are high.

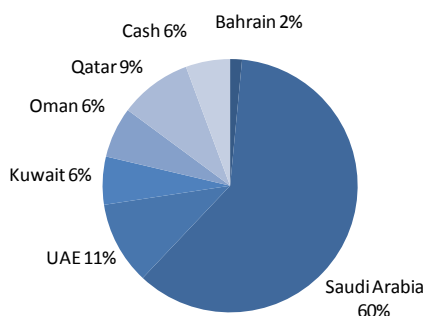
Investment Objective

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

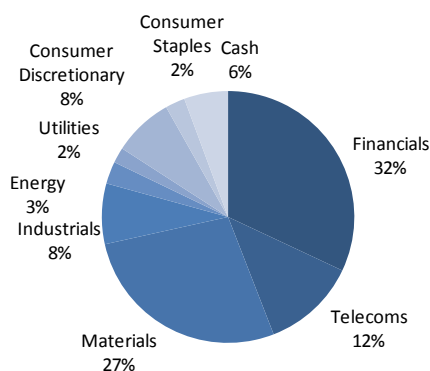
Returns (%)

	Fund	S&P GCC Index
November 2012	-0.9	-1.7
YTD 2012 (Jan - Nov)	3.3	1.0
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
2005	56.8	103.9
2004 (Mar - Dec)	27.0	43.3
Last 3 months	-2.4	-3.6
Last 6 months	0.1	-2.9
Last 1 year	6.5	3.8
Last 3 years	4.5	1.8
Last 5 years	-6.3	-39.7
Since Inception (Mar 04-Nov12)	111.3	26.1

Country Allocation



Sector Allocation



Key Statistics

	Fund	Index
Price Earnings Multiple TTM (x)	11.2	12.5
Price to Book Multiple Latest (x)	2.3	1.6
Return on Equity TTM (%)	20.8	12.9
Dividend Yield - 2011 (%)	4.5	4.2
Number of Holdings	31	238
Annualized Return (%)	9.0	2.7
Annualized Standard Deviation (%)	14.0	13.8
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 (%)	41.2	42.2

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	6.2
Saudi Basic Industries	Saudi	5.4
Al Rajhi Bank	Saudi	4.7

Risk Statistics

Annualized Standard Deviation (%)	14.0
Sharpe Ratio	0.4
Tracking Error (%)	12.8
Information Ratio	0.5
Alpha (%)	6.0
Beta	0.7

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Investment Bank