



Khaleej Equity Fund

Fact Sheet - November 2013

NAV US\$ 272.36 ↑ 1.8%

Manager's Commentary

Most GCC markets posted positive returns in November as the overall sentiment remained positive. Qatar continued to attract foreign investors that helped the index appreciate by 5.5% during the month. The rally was relatively broad based with many stocks increasing between 5% to 15%. Saudi Arabia also posted a strong performance, gaining 3.5% amidst buying interest in selective large caps and the small to mid-cap segment of the market. The other bourses were subdued with the exception of Kuwait that declined by 1.8%. In such a backdrop, the overall GCC index was up 2.5% for the month.

The NAV of Khaleej Equity Fund appreciated by 1.8% compared to a 2.5% rise in the benchmark. The fund, despite having a decent exposure to Saudi Arabia and Qatar which were the two best performing markets, underperformed the benchmark. The main reason is that the small and mid-cap segment of the market contributed over 1% to the benchmark's return, where we did not have any exposure because either they are speculative in nature or we have a negative view on.

Despite the short term underperformance, we are confident that our defensive strategy will benefit the fund in the medium to long term. Price Earnings multiple of the overall markets have increased from 12x at the beginning of the year to over 15x at present. Furthermore, within the markets, some sectors such as real estate and consumers are trading between 20-25x earnings. These factors are making us uncomfortable, and hence we would continue to invest in undervalued blue chip companies that offer high dividend yields.

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*
November 2013	1.8	2.5
2013 (Jan-Nov)	25.7	20.9
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	2.5	6.6
Last 6 months	6.8	9.4
Last 1 year	28.9	23.6
Last 3 years	33.4	19.8
Last 5 years	61.3	37.6
Last 7 years	64.1	-10.5
Since Inception (Mar 04–Nov13)	172.4	55.9

* S&P GCC Composite 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	KHALEQY BI
Zawya Code	SICOKEF.MF
Fund ISIN Code	BH000A1CZ8W7
Custodian/ Administrator	HSBC, Bahrain

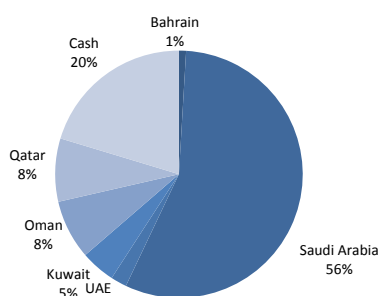
Name	Country	(%)
Saudi Basic Industries	Saudi	8.0
Al Rajhi Bank	Saudi	7.4
Etihad Etisalat	Saudi	7.3

Risk Statistics

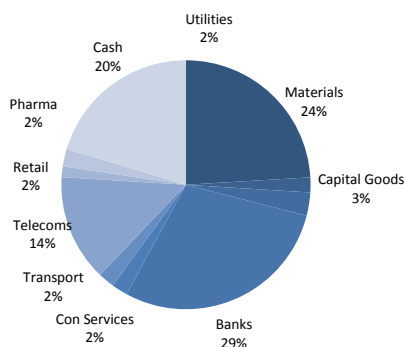
Annualized Standard Deviation (%)	17.3
Sharpe Ratio	0.5
Tracking Error (%)	12.2
Information Ratio	0.5
Alpha (%)	6.7
Beta	0.7

For further information contact: assetmanagement@sicobahrain.com

Country Allocation



Sector Allocation



Key Statistics

	Fund	Index
Price Earnings Multiple TTM (x)	12.1	15.2
Price to Book Multiple Latest (x)	2.4	1.9
Return on Equity TTM (%)	20.2	12.4
Dividend Yield - 2012 (%)	4.7	3.5
Number of Holdings	24	276
Annualized Return (%)	10.9	4.7
Annualized Standard Deviation (%)	17.3	23.6
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	56
Success Ratio (%)	54	N1
Maximum Drawdown-Peak to Trough (%)	-47.4	-62.6
Length of Drawdown (months)	9	9
Recovery from Maximum Drawdown (%)	82.1	75.8

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