

Khaleej Equity Fund

Fact Sheet - November 2015



NAV US\$ 281.55 ↓ 0.2%

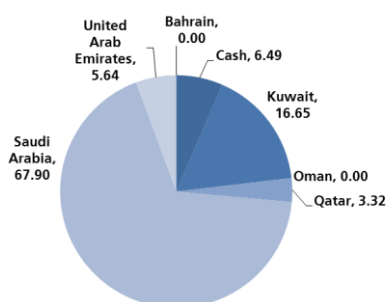
Manager's Commentary

The regional markets dropped 2.3% primarily driven by Qatar and Dubai which fell by 13% and 9% respectively. Concerns over tightening liquidity and general slowdown in economic activity primarily contributed to the declines in the two markets. In addition, the sell offs were intensified by net outflow of funds due to MSCI rebalancing. On the other hand Saudi Arabia managed to record its first positive return after six months of consecutive declines (+1.6%)

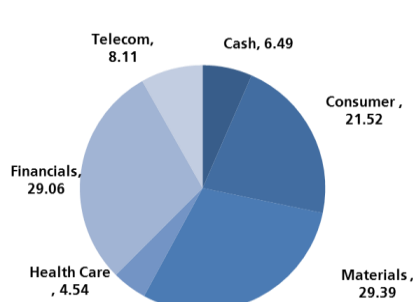
During the month your portfolio was broadly flat whereas the S&P GCC index fell by 2.3%, the healthy outperformance was due to the increase in VIVA Kuwait's share price on the back of the proposed offer by its parent company STC to buy all remaining shares. In addition our consistent underweight in Qatar also benefited the fund as the market dropped by as much as 13% during the month. In spite of the steep declines in Qatar, we would continue to maintain limited exposure to the market as we believe the Qatari banks in particular are trading at very expensive valuation multiples given the challenging underlying fundamentals.

Anecdotal evidence clearly indicates that regional economies are beginning to face the negative impact of lower oil prices. The banks have indicated that the overall liquidity of the system is beginning to tighten and they have been experiencing increasing delinquencies in the contracting and SME sectors. The slowdown in economic activity is likely to be exacerbated by regional governments belt tightening. Despite the challenges we continue to see value in the Saudi Banks, higher Saudi Inter Bank Rates and increase in fed fund rate would significantly benefit the sector. In addition, numbers of stocks are currently trading at very attractive dividend yields and we intend to increase allocation to such companies given the upcoming dividend season.

Country Allocation



Sector Allocation



Key Statistics

| | Fund | Index |
|--|---------------|----------------|
| Price Earnings Multiple TTM (x) | 22.0 | 17.0 |
| Price to Book Multiple Latest (x) | 2.9 | 1.9 |
| Return on Equity TTM (%) | 20.7 | 13.7 |
| Dividend Yield - 2014 (%) | 4.0 | 5.2 |
| Number of Holdings | 31 | 276 |
| Annualized Return (%) - Last 5 years | 6.6 | 0.4 |
| Annualized Standard Deviation (%) - Last 5 years | 14.7 | 15.5 |
| Largest Monthly Gain (%) | 14.8 (Mar 05) | 17.6 (Mar 05) |
| Largest Monthly Loss (%) | -20.3 (Oct 8) | -24.7 (Oct 08) |
| % of Positive Months | 59 | 56 |
| Success Ratio (%) | 50 | |
| Maximum Drawdown-Peak to Trough (%) | -47.4 | -62.6 |
| Length of Drawdown (months) | 9 | 9 |
| Recovery from Maximum Drawdown (%) | 88.6 | 53.5 |

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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* |
|--------------------------------|-------|--------|
| Nov 2015 | -0.2 | -2.3 |
| YTD (Jan-Nov) | -3.3 | -15.4 |
| 2014 | 4.7 | -2.5 |
| 2013 | 28.4 | 25.0 |
| 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 | -2.8 | -6.0 |
| Last 6 months | -16.1 | -21.2 |
| Last 1 year | -7.8 | -19.1 |
| Last 3 years | 33.3 | 5.4 |
| Last 5 years | 37.9 | 2.2 |
| Last 10 years | 38.8 | -54.9 |
| Since Inception(Mar04- Nov 15) | 181.6 | 33.0 |

* 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 | KHALEEQ BI |
| Fund ISIN Code | BH000A1CZ8W7 |
| Custodian/ Administrator | HSBC, Bahrain |

Top Holdings

| Name | Country | (%) |
|-------------|---------|-----|
| Viva Kuwait | Kuwait | 7.8 |
| SABIC | Saudi | 5.4 |
| Samba | Saudi | 5.1 |

Risk Statistics (Last 5 years)

| | |
|-----------------------------------|------|
| Annualized Standard Deviation (%) | 14.7 |
| Sharpe Ratio | 0.25 |
| Tracking Error (%) | 4.2 |
| Information Ratio | 1.5 |
| Alpha (%) | 6.0 |
| Beta | 0.9 |