

# Khaleej Equity Fund

Fact Sheet - October 31, 2010

NAV US\$ 204.40 ↑ 1.0%

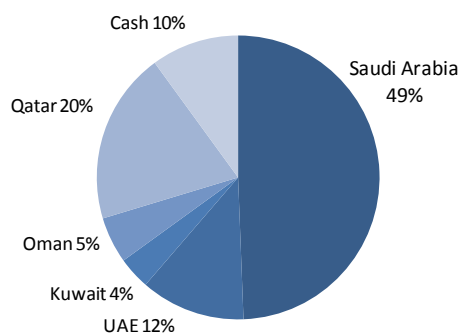
## Manager's Commentary

After a strong rally in September, the regional markets went through a consolidation phase during the month of October as investors assessed the third quarter results announcements. With the exception of Saudi Arabia, all GCC markets posted positive returns for the month. The Saudi index fell 0.6% as the banking and industrials sectors restricted the overall performance of the market. Abu Dhabi and Dubai were the best performing markets for the second consecutive month. Abu Dhabi rose 5.3% while Dubai was up 4.8% as investors continued to build positions in selected telecom and banking sector stocks. The other markets were up in the range of 1-3%.

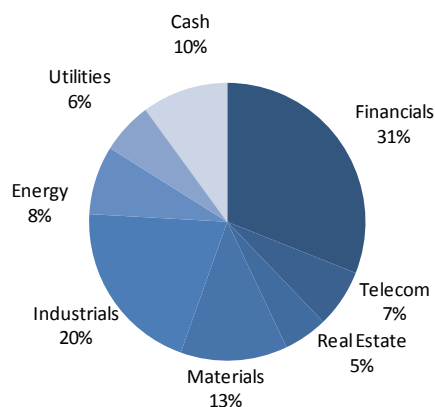
The NAV of Khaleej Equity Fund appreciated by 1% as compared to 0.8% rise in the benchmark. Your fund benefited from appreciation in some of its key holdings in Qatar and the UAE. In addition, selected holdings in Saudi Arabia also contributed to the fund's returns.

During the month we took advantage of the rise in selected UAE based holdings and trimmed our positions. At the same time, we continued to build positions in Saudi stocks that reported strong third quarter numbers. As a result, the overall cash allocation remained at around 10%. We remain positive on the region's prospects in the medium to long term. However, we do expect a temporary retreat as Eid holidays are around the corner. In addition, majority of the UAE and Kuwaiti companies are yet to announce third quarter numbers, which would be crucial in determining the short term direction of the markets. We would take advantage of market dips and continue to deploy cash into existing holdings or new stock ideas that we have recently discovered after completing an extensive series of meetings with management across the region.

### Country Allocation



### Sector Allocation



## Fund Statistics

Price Earnings Multiple TTM (x)	12.7
Price to Book Multiple Latest (x)	2.1
Dividend Yield 2009 (%)	3.5
Number of Holdings	33
Annualized Return (%)	11.5
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 (%)	36.7

## 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
Oct 2010	1.0	0.8
YTD 2010 (Jan - Oct)	7.2	8.4
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	6.5	6.3
Last 6 months	-5.1	-2.5
Last 1 year	-1.2	2.3
Last 3 years	-8.1	-35.6
Last 5 years	1.3	-54.0
Since Inception (Mar 04-Oct10)	104.4	30.7
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
Reuters Code	LP65038262
Bloomberg Code	KHALEQY BI
Zawya Code	SICOKEF.MF
Fund ISIN Code	BH000A1CZ8W7
Custodian/ Administrator	HSBC Middle East, Bahrain

## Top Holdings

Name	Country	(%)
Etiihad Etisalat	Saudi	4.9
Saudi Arabia Amiantit	Saudi	4.8
Alinma Bank	Saudi	4.4

## Risk Statistics

Annualised Standard Deviation (%)	19.5
Sharpe Ratio	0.4
Information Ratio	0.5
Beta	0.6
Alpha (%)	7.0

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