

# Khaleej Equity Fund

Fact Sheet - October 2012

NAV US\$ 213.22 ↑ 0.5%

## Manager's Commentary

Gulf bourses posted a mixed performance in October and the overall market as measured by the S&P GCC index fell by 0.6%. The rally in Kuwait was short-lived and after appreciating by 4.4% in September, the market fell by 2.7% during October. Political uncertainty in Kuwait returned to the forefront dampening the initial positive reaction which resulted from the reports of a support fund. Bahrain fell by 2.7%, while the largest gulf market, Saudi Arabia declined by 0.7%. Saudi Arabia's banking and petrochemical sectors experienced selling pressure as earnings of selected companies came short of estimates. On the other hand, Abu Dhabi, Dubai and Oman appreciated in the range of 2-3% each and continued their positive momentum, while Qatar closed marginally up (+0.4%)

Despite negative performances of the larger markets, the fund appreciated by 0.5% and significantly outperformed the benchmark that declined by 0.6%. This outperformance was derived primarily from superior stock selection in Saudi Arabia and Qatar and a lower allocation to Kuwait. The appreciation of our core holdings from the telecom and defensive sectors helped the fund to post a positive return.

During October, we reduced our exposure to selected stocks where the outlook has weakened. As a result, the cash portion has temporarily increased which we intend to deploy in fresh investment ideas particularly from the consumer sector and stocks that offer high dividend yields.

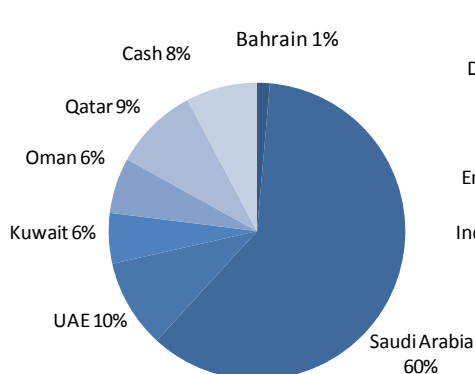
## Investment Objective

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

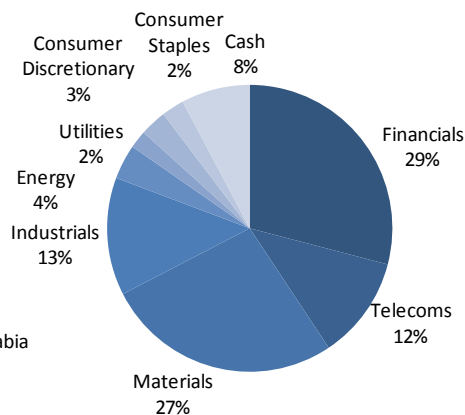
## Returns (%)

	Fund	S&P GCC Index
October 2012	0.5	-0.6
YTD 2012 (Jan - Oct)	4.2	2.8
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	1.1	0.8
Last 6 months	-5.1	-7.5
Last 1 year	5.7	3.7
Last 3 years	3.1	0.4
Last 5 years	-4.2	-36.8
Since Inception (Mar 04 - Oct 12)	113.2	28.4

## Country Allocation



## Sector Allocation



## Key Statistics

	Fund	Index
Price Earnings Multiple TTM (x)	10.5	12.6
Price to Book Multiple Latest (x)	2.3	1.6
Return on Equity TTM (%)	22.4	13.0
Dividend Yield - 2011 (%)	4.8	4.2
Number of Holdings	30	264
Annualized Return (%)	9.2	3.0
Annualized Standard Deviation (%)	18.2	22.8
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 (%)	42.6	44.8

## 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	5.5
Al Rajhi Bank	Saudi	5.1

## Risk Statistics

Annualized Standard Deviation (%)	18.2
Sharpe Ratio	0.3
Tracking Error (%)	12.8
Information Ratio	0.5
Alpha (%)	6.0
Beta	0.7

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