



# Khaleej Equity Fund

Fact Sheet - October 2013

NAV US\$ 267.61 ↓ 0.4%

## Manager's Commentary

All regional markets posted stable returns in October and resultantly the overall GCC Index was up 1.2%. Dubai's stellar run continued (+5.8% in October) as second tier stocks were once again in the limelight while large caps underperformed. For the year, Dubai is up over 80% making it the best performing bourse in the world. Qatar appreciated by 2.4% as the index heavyweight, Industries Qatar rebounded along with the other petrochemical companies in the region. The other GCC markets were relatively subdued and gained in the range of 0-1%.

The NAV of Khaleej Equity Fund declined by 0.4% in October compared to a 1.2% rise in the benchmark. The fund has underperformed its benchmark for the second consecutive month mainly due to its defensive positioning. We believe that given the continued rise of the markets, pockets of bubbles are being created within certain countries (Dubai up 80% for the year) and sectors (Saudi consumer sector where stocks are trading at 20-25x earnings). Moreover, the fund did not have exposure to certain small and mid-cap stocks that contributed to the positive returns of the benchmark either because they are speculative in nature or we have a negative view on them. On a year to date basis, the fund's performance still remains strong and is up 23.5% compared to a 17.9% rise in the benchmark.

We are confident that our defensive strategy will benefit the fund in the medium to long term. We intend to carefully deploy the remaining cash in either existing holdings or fresh investment ideas that we have finalized over the past few weeks. Our focus will continue to be on blue chip companies that offer high dividend yields, which would in turn provide a margin of safety in case volatility of the markets return.

## 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*
October 2013	-0.4	1.2
2013 (Jan-Oct)	23.5	17.9
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	0.7	2.3
Last 6 months	8.6	10.4
Last 1 year	25.5	18.4
Last 3 years	30.9	16.1
Last 5 years	51.5	15.1
Last 7 years	48.1	-23.8
Since Inception (Mar 04–Oct 13)	167.6	52.0

\* 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	KHALEQY BI
Zawya Code	SICOKEF.MF
Fund ISIN Code	BH000A1CZ8W7
Custodian/ Administrator	HSBC, Bahrain

## Top Holdings

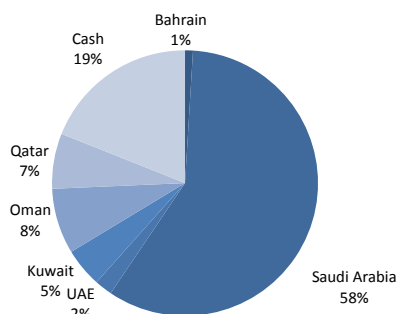
Name	Country	(%)
Saudi Basic Industries	Saudi	7.4
Etihad Etisalat	Saudi	7.3
Al Rajhi Bank	Saudi	6.7

## Risk Statistics

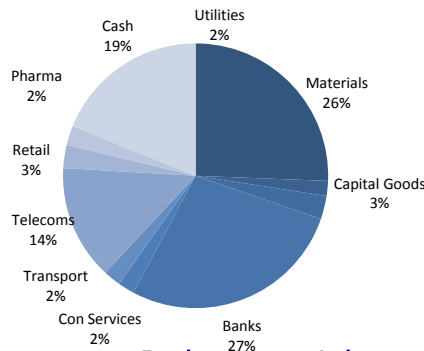
Annualized Standard Deviation (%)	17.3
Sharpe Ratio	0.5
Tracking Error (%)	12.2
Information Ratio	0.5
Alpha (%)	6.8
Beta	0.7

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## Country Allocation



## Sector Allocation



## Key Statistics

	Fund	Index
Price Earnings Multiple TTM (x)	11.8	14.8
Price to Book Multiple Latest (x)	2.5	1.8
Return on Equity TTM (%)	20.8	12.3
Dividend Yield - 2012 (%)	4.7	3.6
Number of Holdings	26	276
Annualized Return (%)	10.8	4.5
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 (%)	78.9	71.4

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