

Khaleej Equity Fund

Fact Sheet - October 2015



NAV US\$ 282.08 ↓ 1.2%

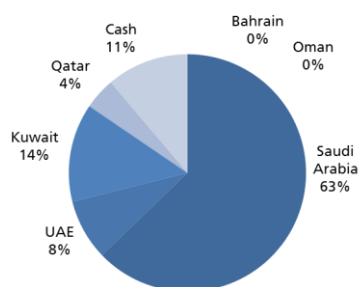
Manager's Commentary

Regional markets dropped by 2.7% in October mainly due to declines in Saudi Arabia and Dubai. Markets started the month on a bullish tone appreciating as much as 5% on the back of good earnings by SABIC and number of consumer companies. However, this rally was short lived as Dubai and Saudi Arabia dropped by 7% and 10% respectively during the last couple of weeks as investors were concerned by reports that government may significantly cut spending and reduce fuel and water subsidies. However Oman and Qatar bucked this trend and ended the month up in the range of 1-2%.

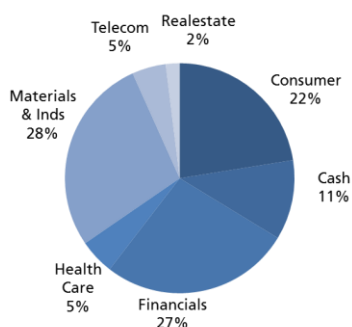
Your fund declined by 1.2% in October compared to 2.7% drop in the index. Despite our overweight in Saudi Arabia which was the worst performing market in October, the fund managed to outperform the index due to its stock selection. During the month, number of our top holdings performed well on the back of impressive 3rd quarter earnings. For instance, National Shipping reported 5 fold increase in earnings compared to last year while, Herfy, and Nadec reported 29% YoY and 30% YoY growth in operating profit for the quarter. Our underweight in Qatar continued to negatively impact our performance. However we intend to maintain limited allocation to Qatar as we believe its financials would be negatively impacted by higher cost of funding.

We continue to maintain a healthy allocation to Saudi Arabia primarily due to our exposure to its consumer sector. We are however concerned by the slowdown in real-estate activity in Dubai and expect this trend to persist given the current global macroeconomic environment. During the month we further reduced our allocation to UAE and Qatar and intern increased our allocation to defensive companies in Saudi Arabia and Kuwait.

Country Allocation



Sector Allocation



Key Statistics

	Fund	Index
Price Earnings Multiple TTM (x)	18.4	16.6
Price to Book Multiple Latest (x)	3.1	2.0
Return on Equity TTM (%)	16.8	12.0
Dividend Yield - 2014 (%)	4.6	5.0
Number of Holdings	31	276
Annualized Return (%) - Last 5 years	6.7	0.8
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*
Oct 2015	-1.2	-2.7
YTD (Jan-Oct)	-3.1	-13.3
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	-15.2	-16.5
Last 6 months	-16.7	-21.2
Last 1 year	-14.1	-26.2
Last 3 years	32.3	6.0
Last 5 years	38.0	4.0
Last 10 years	39.8	-52.1
Since Inception(Mar04- Oct15)	182.1	36.1

* 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
Fund ISIN Code	BH000A1CZ8W7
Custodian/ Administrator	HSBC, Bahrain

Top Holdings

Name	Country	(%)
SAMBA	Saudi	5.2
SABIC	Saudi	4.8
Viva Kuwait	Kuwait	4.8

Risk Statistics (Last 5 years)

Annualized Standard Deviation (%)	14.7
Sharpe Ratio	0.25
Tracking Error (%)	4.2
Information Ratio	1.4
Alpha (%)	5.7
Beta	0.9

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