



Khaleej Equity Fund

Fact Sheet - September 2013

NAV US\$ 268.63 ↑ 1.1%

Manager's Commentary

Global equities rebounded in September as the US Federal Reserve unexpectedly decided not to taper its Quantitative Easing Program and political tensions in the Middle East subsided. The GCC markets tracked international bourses and also recovered during the month. Dubai was the best performing market and increased by 9.5% as retail activity primarily focused on second tier and speculative stocks. Abu Dhabi, Saudi Arabia and Kuwait rose around 2-3% each while the other GCC bourses were sideways.

The NAV of Khaleej Equity Fund appreciated by 1.1% compared to a 2.7% rise in the benchmark. The fund underperformed the benchmark as it was defensively positioned, characterized by high cash allocation and minimal exposure to the UAE which was the best performing bourse. Hence, the fund was unable to fully capitalize on the rise in the markets. Nevertheless, on a year to date basis the fund's performance remains strong and is up 24% compared to a 16.5% rise in the benchmark.

We started deploying the cash generated earlier, investing primarily in Saudi equities. Stock picking opportunities continue to exist in other markets except for the UAE, where we believe a bubble like situation is developing, especially given the recent irrational surge in speculative stocks. Going forward, we intend to opportunistically deploy the remaining cash and take advantage of dips that may occur considering that third quarter results season is about to commence.

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*
September 2013	1.1	2.7
2013 (Jan-Sep)	24.0	16.5
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	5.8	6.6
Last 6 months	13.7	11.5
Last 1 year	26.6	16.3
Last 3 years	32.7	15.9
Last 5 years	21.2	-14.4
Last 7 years	54.8	-29.2
Since Inception (Mar 04-Sep13)	168.6	50.2

* 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

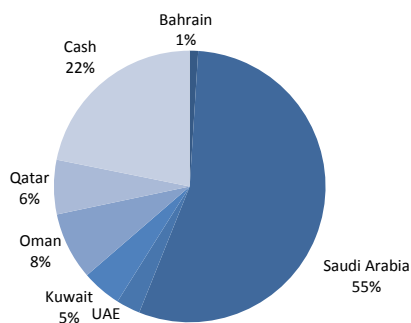
Name	Country	(%)
Saudi Basic Industries	Saudi	7.1
Etihad Etisalat	Saudi	7.1
Al Rajhi Bank	Saudi	6.1

Risk Statistics

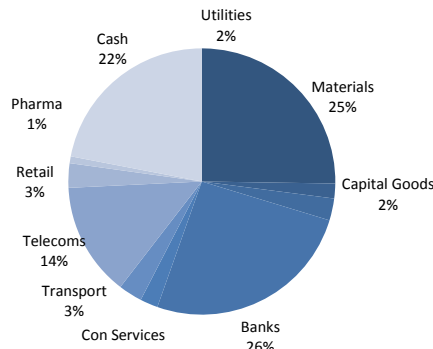
Annualized Standard Deviation (%)	17.3
Sharpe Ratio	0.5
Tracking Error (%)	12.3
Information Ratio	0.6
Alpha (%)	7.0
Beta	0.7

For further information contact: assetmanagement@sicobahrain.com

Country Allocation



Sector Allocation



Key Statistics

	Fund	Index
Price Earnings Multiple TTM (x)	12.3	14.7
Price to Book Multiple Latest (x)	2.5	1.8
Return on Equity TTM (%)	20.6	12.5
Dividend Yield - 2012 (%)	4.5	3.7
Number of Holdings	26	277
Annualized Return (%)	11.0	4.4
Annualized Standard Deviation (%)	17.3	23.7
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	61	55
Success Ratio (%)	55	N1
Maximum Drawdown-Peak to Trough (%)	-47.4	-62.6
Length of Drawdown (months)	9	9
Recovery from Maximum Drawdown (%)	79.6	69.1

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