

# Khaleej Equity Fund

Fact Sheet - September 2014



NAV US\$ 345.77 ↓ 0.7%

## Manager's Commentary

Regional markets experienced profit taking subsequent to two months of strong gains with the S&P GCC index declining by 1.4% for the month. The Saudi market was the worst performing market and it dropped by 2.3%. During the month, SAMA introduced new regulations capping the fees the banks could charge personal consumers, this impacted the Saudi Financials. Furthermore, the announcement of National Commercial Bank's (NCB) IPO also resulted in a fresh wave of profit taking. The Dubai bourse was relatively quiet (-0.4%) as focus shifted to the Emaar Malls Group (EMG) IPO. Qatar and Oman moved up by 1% while returns in other bourses' were range bound.

The NAV of the portfolio decreased by 0.7% for the month whereas the corresponding index declined by -1.8%. The fund benefited from its investments in the insurance sector in Saudi Arabia. During the month Bupa and Tawuniya, which were among the top holdings of the fund, increased by 10% and 26% respectively. Subsequent to the announcement of Emaar Malls group IPO, we aggressively increased our exposure to Emaar Properties (parent). Based on the market valuation of Emaar Malls Group, it could be implied that Emaar is trading at a discount of ca 50%, this we think is an anomaly and the market will correct this in due course. Furthermore, Emaar's plan to list its hospitality and Egyptian unit will further unlock value for its shareholders going forward.

We expect the current wave of profit taking in the regional markets to continue particularly given the drop in oil prices. However, we consider this retreat in markets to be healthy and we intend to capitalize on this opportunity to increase our exposure in stocks we deem are fundamentally attractive.

## 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 2014	-0.7	-1.4
2014 (Jan-Sep)	24.1	22.8
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	15.8	13.5
Last 6 months	13.6	11.5
Last 1 year	28.5	31.7
Last 3 years	75.8	62.8
Last 5 years	63.1	50.6
Last 10 years	198.3	68.6
Since Inception (Mar 04-Sep14)	245.2	97.8

\* 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

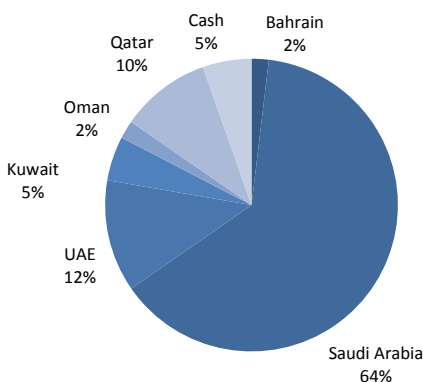
Name	Country	(%)
Emaar Properties	UAE	9.0
Saudi Basic Industries	Saudi	4.5
Bupa	Saudi	4.3

## Risk Statistics (Last 5 years)

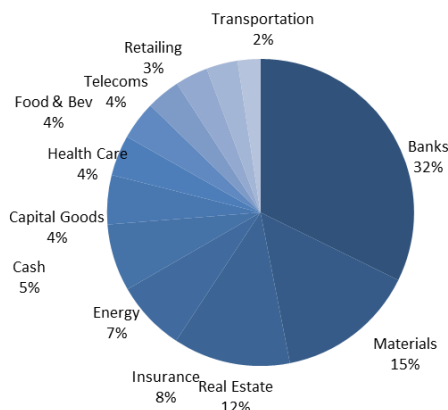
Annualized Standard Deviation (%)	13.3
Sharpe Ratio	0.55
Tracking Error (%)	3.9
Information Ratio	0.4
Alpha (%)	2.0
Beta	1.0

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## Country Allocation



## Sector Allocation



## Key Statistics

	Fund	Index
Price Earnings Multiple TTM (x)	20.0	18.6
Price to Book Multiple Latest (x)	2.4	2.3
Return on Equity TTM (%)	8.3	8.0
Dividend Yield - 2013 (%)	2.2	2.8
Number of Holdings	52	276
Annualized Return (%) - Last 5 years	11.8	10.3
Annualized Standard Deviation (%) Last 5 years	13.3	13.3
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	63	58
Success Ratio (%)	52	NM
Maximum Drawdown-Peak to Trough (%)	-47.4	-62.6
Length of Drawdown (months)	9	9
Recovery from Maximum Drawdown (%)	116.9	112.6

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