

Khaleej Equity Fund

Fact Sheet - September 2015



NAV US\$ 285.5 ↓ 1.5%

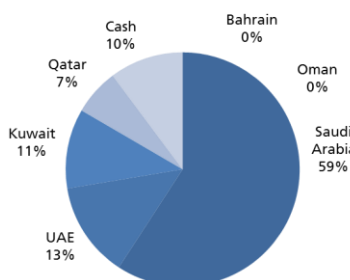
Manager's Commentary

The downtrend in regional markets in August flowed through to September albeit at a lower rate. Federal Reserve's decision not to increase its benchmark interest rates fuelled investor worries over the health of particularly the economy in China. Commodity prices declined further during the month with Brent Crude price falling by 11%. In addition lower volumes leading up to Eid holidays also contributed to the lacklustre performance of the markets.

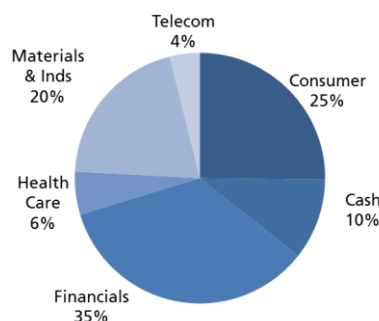
Your portfolio's NAV decreased by 1.5% during the month, which is marginally lower than 1.1% decrease in the benchmark. The portfolio's holdings in Saudi Arabia did better than the benchmark helped by the lower allocation to the petrochemicals sector and stock selection within the financial sector. However, this was off-set by the underperformance in the Qatari market, which was driven by an increase in the share price of index heavyweight Qatar National Bank. QNB and the rest of the large cap companies in Qatar continue to benefit from inflows leading up to the announcement of its inclusion in to the FTSE emerging market index. We are bearish on the prospects of the Qatari financials and intend to maintain very limited exposure to the sector.

During the month we continued to rebalance the portfolio by increasing our exposure to consumer sector. We believe the declines in some of the consumer companies are not underpinned by their underlying fundamentals. We expect the upcoming earnings season to validate our bullish stance on the sector. Although Federal Reserve's decision not to increase its benchmark interest rates in US was negative for Saudi banks, we continue to remain invested in the sector as we expect increase government borrowing to ultimately benefit the large conventional banks in Saudi.

Country Allocation



Sector Allocation



Key Statistics

	Fund	Index
Price Earnings Multiple TTM (x)	17.1	16.2
Price to Book Multiple Latest (x)	3.2	2.1
Return on Equity TTM (%)	21.7	13.0
Dividend Yield - 2014 (%)	3.7	4.9
Number of Holdings	42	276
Annualized Return (%) - Last 5 years	7.1	1.5
Annualized Standard Deviation (%) - Last 5 years	14.8	15.6
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	55
Success Ratio (%)	60	0.2
Maximum Drawdown-Peak to Trough (%)	-47.4	-62.6
Length of Drawdown (months)	9	9
Recovery from Maximum Drawdown (%)	122.5	83.8

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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*
Sep 2015	-1.5	-1.1
YTD (Jan-Sep)	-2.0	-11.0
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	-13.5	-14.2
Last 6 months	-5.6	-10.8
Last 1 year	-17.4	-29.3
Last 3 years	34.5	8.3
Last 5 years	41.1	7.9
Last 10 years	39.4	-49.0
Since Inception (Mar04- Sep15)	185.5	39.8

* 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	(%)
Dubai Parks	UAE	5.7
SAMBA	Saudi	5.2
SABB	Saudi	4.7

Risk Statistics (Last 5 years)

Annualized Standard Deviation (%)	14.8
Sharpe Ratio	0.28
Tracking Error (%)	4.2
Information Ratio	1.3
Alpha (%)	5.5
Beta	0.9

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