



Khaleej Equity Fund

Fact Sheet - February 2014

NAV US\$ 296.05 ↑ 3.5%

Manager's Commentary

The GCC markets extended their gains in February and all seven bourses recorded positive returns. A rebound in international markets further fuelled positive momentum into the region resulting in a broad based rally. Dubai was once again the best performing market and increased by 12%. Large caps such as Emaar Properties (+14%) and Emirates National Bank of Dubai (17%) along with continued interest in small caps resulted in a strong performance. Abu Dhabi appreciated by 6.1% led by a 12% rally in First Gulf Bank. Qatar also posted a strong return (+5.5%) amidst higher than expected dividend payouts announced by selected companies. Saudi Arabia appreciated by 4%, while Kuwait rose 1.1%. The smaller markets of Bahrain and Oman rose 6.1% and 0.4%, respectively.

The NAV of Khaleej Equity Fund appreciated by 3.5% in February and performed almost in line with the benchmark. The fund benefited from its large allocation to Emaar Properties and First Gulf Bank that both contributed around 0.5% to the overall returns. Similarly, core holdings from Saudi Arabia such as Saudi Pharmaceuticals (+12%) and Etihad Etisalat (+5%) also aided in generating positive returns. Within Qatar, stocks such as Qatar National Bank, Industries Qatar and Qatar Electricity all made decent gains. The portfolio has started the year on a strong note and is up 6.4% during the first two months of the year.

GCC markets continue to show strength and have fared well despite volatility in international markets. However, given that the markets have had a strong run during the last six months, we expect consolidation in the short term. Furthermore, we believe that stocks with high dividend yields will outperform as they trade ex-dividend in the coming weeks. We have positioned the fund to capitalize on such themes and would remain invested across stable, fundamentally undervalued blue chip companies.

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*
February 2014	3.5	3.7
2014 (Jan-Feb)	6.4	7.2
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	8.7	10.8
Last 6 months	11.4	18.1
Last 1 year	28.2	29.1
Last 3 years	49.5	39.4
Last 5 years	97.9	94.8
Last 7 years	68.3	-2.6
Since Inception (Mar 04-Feb 14)	196.1	72.7

* 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

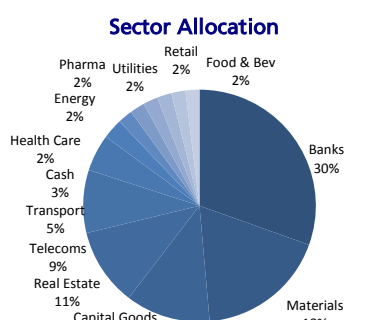
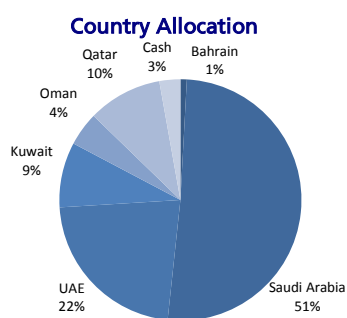
Top Holdings

Name	Country	(%)
Saudi Basic Industries	Saudi	6.9
Al Rajhi Bank	Saudi	6.0
Emaar Properties	UAE	4.8

Risk Statistics (Last 5 years)

Annualized Standard Deviation (%)	13.8
Sharpe Ratio	0.8
Tracking Error (%)	4.5
Information Ratio	0.1
Alpha (%)	3.7
Beta	0.7

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Key Statistics

	Fund	Index
Price Earnings Multiple TTM (x)	14.6	16.6
Price to Book Multiple Latest (x)	2.3	2.1
Return on Equity TTM (%)	15.6	12.5
Dividend Yield - 2013 (%)	3.7	3.2
Number of Holdings	40	276
Annualized Return (%) - Last 5 years	14.6	14.3
Annualized Standard Deviation (%) Last 5 years	13.8	14.7
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	56
Success Ratio (%)	52	NM
Maximum Drawdown-Peak to Trough (%)	-47.4	-62.6
Length of Drawdown (months)	9	9
Recovery from Maximum Drawdown (%)	97.9	94.8

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