

Khaleej Equity Fund

Fact Sheet - February 2015



NAV US\$ 316 ↑ 6.8%

Manager's Commentary

The regional markets continued their upward momentum in February on the back of rise in price of crude oil. All markets apart from Oman increased 3-6%. Oman was flat for the month. Financials largely contributed to the gains in Saudi Arabia, Saudi financials account for approximately 20% of the market capitalisation of the GCC markets and they on average increased by 6% during the month. Al Rajhi (+10%), Alinma (+7%) and SAMBA (+6%) were among the biggest gainers in February. We believe investors bought in to the sector expecting the US Federal Reserve to finally start increasing rates this year. The gains in the UAE was driven by the real estate sector, primarily Damac, which increased by 60% during the month.

The value of the fund appreciated by 6.8% in February while the corresponding index increased by 4.4%. Damac Properties, Medicare and Viva Kuwait were among the biggest contributors for the funds outperformance. Increase in Damac was primarily attributable to its relatively attractive valuation multiples and better than expected 4th quarter earnings. Gains in Viva and Medicare were also underpinned by very impressive fourth quarter numbers. In addition, it is worth noting that our healthy allocation to Saudi banks also positively contributed to the overall out performance of the fund.

We believe the Saudi banking sector has further upside potential given underlying global macroeconomic trends and hence we will continue to be invested in the sector. In February we met a number of real-estate companies in Dubai. They confirmed that real-estate activity has slowed in the previous months. Furthermore, there was clear evidence of the financial crisis in Russia impacting the level of sales in Dubai. For example the sale from the Dubai shopping festival was flat for the year. Hence, subsequent to our meetings we marginally trimmed our exposure to the UAE real estate sector.

Investment Objective

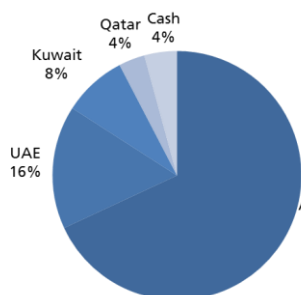
The Fund seeks long-term capital appreciation by investing principally in equity securities listed on the stock markets of GCC countries.

Returns (%)

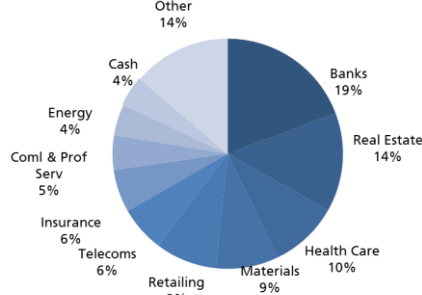
	Fund	Index*
February 2015	6.8	4.4
YTD (Jan-Feb)	8.5	7.3
2014	4.7	-2.5
2013	28.4	25.0
2012	5.9	3.2
2011	-5.9	-8.2
2010	14.1	12.8
2009	16.9	14.1
2008	-33.9	-55.3
2007	43.9	35.4
2006	-13.9	-40.2
Last 3 months	3.4	2.6
Last 6 months	-9.0	-16.0
Last 1 year	6.7	-2.4
Last 3 years	44.2	23.6
Last 5 years	60.7	33.2
Last 10 years	120.96	2.8
Since Inception(Mar04- Feb 14)	216.0	68.5

* C&P GCC Composite Index

Country Allocation



Sector Allocation



Key Statistics

	Fund	Index
Price Earnings Multiple TTM (x)	18.0	16.1
Price to Book Multiple Latest (x)	2.0	1.8
Return on Equity TTM (%)	14.1	11.7
Dividend Yield - 2014 (%)	2.7	3.5
Number of Holdings	44	276
Annualized Return (%) - Last 5 years	9.9	5.9
Annualized Standard Deviation (%) - Last 5 years	13.8	14.4
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	60	57
Success Ratio (%)	53	NM
Maximum Drawdown-Peak to Trough (%)	-47.4	-62.6
Length of Drawdown (months)	9	9
Recovery from Maximum Drawdown (%)	111.3	90.1

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	(%)
VIVA Kuwait	Saudi	4.4
Emaar	UAE	3.5
Samba	Saudi	3.5

Risk Statistics (Last 5 years)

Annualized Standard Deviation (%)	13.8
Sharpe Ratio	0.5
Tracking Error (%)	4.1
Information Ratio	0.97
Alpha (%)	4.3
Beta	0.9

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