

Khaleej Equity Fund

Fact Sheet - June 2015



NAV US\$ 329.99 ↓ 1.6%

Manager's Commentary

In the month of June Saudi Arabia declined by 6.2% dragging down the overall index (S&P GCC index) which fell by 3.5%. The decline in the Saudi market was led by large cap petrochemicals and banks. While Tasnee (-18%), Sabic (-10%) and Petrorabig (-10%) were among the most effected petrochemicals, Saudi Fransi, Al Rajhi and Saudi British Bank were among the biggest decliners in the financial sector. UAE was up 3% mainly due to a 17% increase in the index heavyweight, Etisalat, which announced its intention to open up the stock to foreign investors. In addition, the share price of a number of large caps in the UAE and Qatar increased 3-4% in the auction on the last day of the month contributing to a temporary uptick in the market.

In June the portfolio decreased by 1.6% whereas the corresponding index declined by 3.5%. Our exposure to Qatari and Saudi consumer sector positively contributed to the performance of the fund. In addition, we had limited exposure to SABIC and AL Rajhi which account for 10% of the index, they fell ca.10% during the month. Year to date, the fund generated a return of 13.3% notably outperforming the index which increased by only 3.7%

We expect the regional markets to remain volatile during the summer due to the escalating crisis in Greece, worries over a slowdown in China and concerns over the violence in Syria and Iraq permeating into the GCC. In addition, low trading volumes are also likely to exasperate the volatility of the market. However we expect the petrochemical and consumer sector to post better than expected earnings in the second quarter and this may positively influence the share price of selected companies in the two sectors. Despite the low oil price, end product prices of petrochemicals have rebounded sharply this year, resulting in an increase in profit margins for the sector. Similarly consumer sector should also benefit from low commodity prices.

Investment Objective

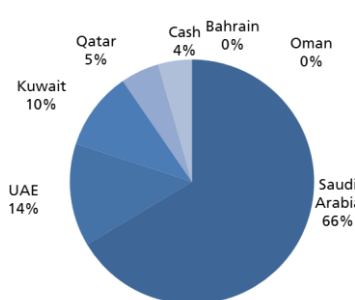
The Fund seeks long-term capital appreciation by investing principally in equity securities listed on the stock markets of GCC countries.

Returns (%)

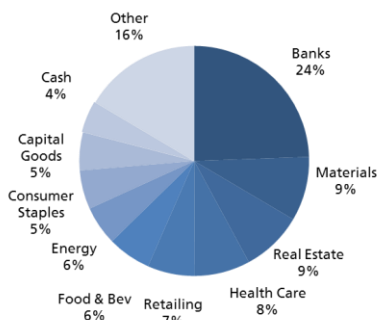
	Fund	Index*
June 2015	-1.6	-3.5
YTD (Jan-June)	13.3	3.7
2014	4.7	-2.5
2013	28.4	25.0
2012	5.9	3.2
2011	-5.9	-8.2
2010	14.1	12.8
2009	16.9	14.1
2008	-33.9	-55.3
2007	43.9	35.4
2006	-13.9	-40.2
Last 3 months	9.1	3.8
Last 6 months	13.3	3.7
Last 1 year	10.7	-6.6
Last 3 years	61.0	29.1
Last 5 years	76.8	38.1
Last 10 years	72.5	-34.2
Since Inception (Mar04- June15)	230.0	62.9

* S&P GCC Composite Index

Country Allocation



Sector Allocation



Key Statistics

	Fund	Index
Price Earnings Multiple TTM (x)	20.4	17.8
Price to Book Multiple Latest (x)	3.7	2.5
Return on Equity TTM (%)	22.9	15.3
Dividend Yield - 2014 (%)	3.5	4.2
Number of Holdings	42	276
Annualized Return (%) - Last 5 years	12.1	6.7
Annualized Standard Deviation (%) - Last 5 years	14.4	15.0
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	61	57
Success Ratio (%)	52	NM
Maximum Drawdown-Peak to Trough (%)	-47.4	-62.6
Length of Drawdown (months)	9	9
Recovery from Maximum Drawdown (%)	120.6	83.7

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	4.8
SABB	Saudi	4.4
Bupa	Saudi	4.3

Risk Statistics (Last 5 years)

Annualized Standard Deviation (%)	14.4
Sharpe Ratio	0.63
Tracking Error (%)	4.6
Information Ratio	1.24
Alpha (%)	5.7
Beta	0.9

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