

Khaleej Equity Fund

Fact Sheet - July 31, 2009

NAV US\$ 194.95 ↑ 4.0%

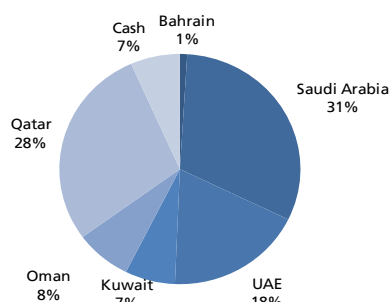
Manager's Commentary

The regional markets recorded mixed performances during the month as Bahrain and Kuwait both declined by 5.0% each while, Qatar, Oman and Dubai increased in the range of 2-4%. Abu Dhabi was the best performing bourse (+6%) as financial sector stocks were boosted by the strong second quarter earnings. The correction in the GCC markets that started in mid June carried on till the middle of July and resulted in a decline of around 14% (as measured by the MSCI GCC index), while certain stocks lost around 25-30% of their values. However, improvement in oil prices along with positive momentum of international markets resulted in a rebound of the GCC markets during the latter part of the month.

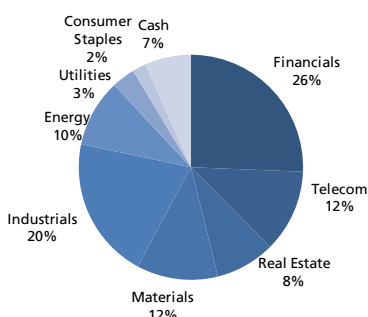
Khaleej Equity Fund increased by 4.0% in July as compared to a 3.4% rise in the benchmark. On a year to date basis, the fund is up 19.6% while the benchmark is up 16.5%. During the month, we took advantage of the weak markets and increased our exposure to stocks that we believe had fallen significantly and offer limited downside potential. We bought selected stocks from within the infrastructural / defensive industrial theme in Saudi Arabia as we expect companies in this sector to perform well in the medium to long term. In addition, we added certain companies in the UAE, Kuwait and Oman that we believe have strong fundamentals. As a result, the fund's cash allocation reduced from 30% to 7% as at the end of the month.

Since we are in the midst of the summer season, we expect the markets to consolidate at around these levels. However, we re-emphasize that the current environment is ideal for stock picking / bottom up investing as although the overall markets remained stable during July, certain stocks appreciated by 15-40% i.e NBAD, FGB, Aramex, Saudi Chemical etc. We would continue with our stock picking process and invest in fundamentally strong companies with decent upside potential in order to produce superior returns.

Country Allocation



Sector Allocation



Fund Statistics

Price Earnings Multiple TTM (x)	9.4
Price to Book Multiple Latest (x)	2.1
Dividend Yield 2008 (%)	5.2
Number of Holdings	41
Annualized Return (%)	13.3
Largest Monthly Gain (%)	14.8 (Mar 05)
Largest Monthly Loss (%)	-20.3 (Oct 08)
% of Positive Months	41
Maximum Drawdown- Peak to Trough (%)	47.4
Length of Drawdown (months)	9
Time to Recovery (months)	na

Investment Objective

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

Fund Returns (%)

	Fund	MSCI GCC Index
July 2009	4.0	3.4
YTD 2009 (Jan - Jul '09)	19.6	16.5
Last 3 months	10.9	13.7
Last 6 months	25.5	27.3
Last 1 year	-29.7	-41.7
Last 3 years	18.4	-45.4
Last 5 years	77.5	2.9
2008	-33.9	-56.8
2007	43.9	44.1
2006	-13.9	-45.9
2005	56.8	86.1
2004 (Mar - Dec)	27.0	43.3
Since Inception (Mar 04- Jul 09)	94.9	4.6

Launch Date	March 2004
Management Fee	1.5%
Performance Fee	10% over 10% pa
Subscription & Redemption	Monthly
Subscription Deadline	Five Business days before month end
Redemption Deadline	Ten Business days before month end
Minimum Subscription	US\$100,000
Reuters Code	LP65038262
Bloomberg Code	KHALEQY BI
Zawya Code	SICOKEF.MF
Fund Listing	Bahrain Stock Exchange
Custodian/ Administrator	HSBC Middle East, Bahrain

Top Holdings

Name	Country	(%)
Industries Qatar	Qatar	5.2
Qatar Telecom	Qatar	3.9
Saudi Cables	Saudi	3.7

Risk Statistics

Annualised Standard Deviation (%)	20.0
Sharpe Ratio	0.4
Information Ratio	0.7
Beta	0.6
Alpha (%)	10.6

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