

Khaleej Equity Fund

Fact Sheet - November 30, 2009

NAV US\$ 202.21 ↓ 2.3%

Manager's Commentary

Saudi Arabia and Qatar were the only markets that posted positive returns in November and were up by 1.4% and 0.8%, respectively. Selective buying in both these markets helped the index inch upwards. Oman closed flat for the month while Bahrain and Kuwait retreated by around 6% each. In Kuwait, the announcement by a US court to indict Agility in relation to the US Army contract triggered a sell-off in its share price (-25.9%). Zain, which has been declining over the last two months, continued its descent in November and lost 13.8% of its value.

Dubai and Abu Dhabi were down 11.7% each as panic struck on the eve on of Eid holidays, when Dubai World announced that it plans to enter into a standstill agreement until 30th May 2010 regarding debts of Dubai World and Nakheel. The announcement of this standstill agreement came as a total shock that resulted in both Dubai and Abu Dhabi markets declining by almost 7-8% on the last trading day of the month. The news also spread jitters across other GCC markets. The NAV of Khaleej Equity Fund declined by 2.3% as compared to a 3.0% drop in the benchmark. For the year, the fund is up 24.0% versus a rise of 20.3% in the benchmark.

Dubai has been full of surprises in the last few weeks. The recent \$10bn bailout by the Govt. of Abu Dhabi has averted a preminent default on Nakheel's bond. This has provided some relief however, a lot of questions regarding the fate of Dubai's state-owned corporates remain unanswered. In such a scenario, we maintain our negative outlook for Dubai as we feel that most stocks may continue to suffer due to uncertainty at a macro level. At the same time, we believe that investors will increasingly differentiate between Dubai and the rest of GCC as each state has its own unique dynamics.

Investment Objective

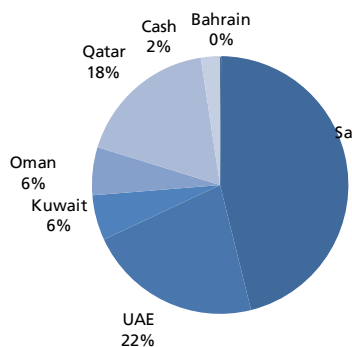
The Fund seeks long-term capital appreciation by investing principally in equity securities listed on the stock markets of GCC countries.

Fund Returns (%)

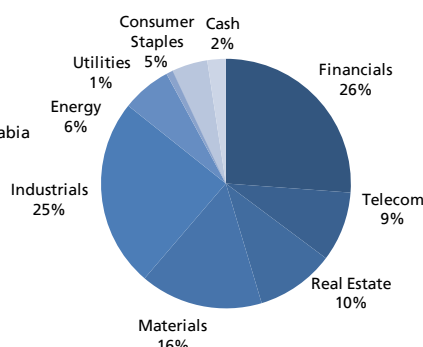
	Fund	MSCI GCC Index
Nov 2009	-2.3	-3.0
YTD 2009 (Jan – Nov '09)	24.0	20.3
Last 3 months	1.8	0.2
Last 6 months	5.4	4.0
Last 1 year	19.8	10.7
Last 3 years	21.8	-23.2
Last 5 years	59.2	-25.5
2008	-33.9	-57.0
2007	43.9	46.6
2006	-13.9	-45.8
2005	56.8	80.8
2004 (Mar – Dec)	27.0	43.3
Since Inception (Mar 04– Nov09)	102.2	6.5

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

Country Allocation



Sector Allocation



Fund Statistics

Price Earnings Multiple TTM (x)	14.9
Price to Book Multiple Latest (x)	2.4
Dividend Yield 2008 (%)	5.5
Number of Holdings	45
Annualized Return (%)	13.2
Largest Monthly Gain (%)	14.8 (Mar 05)
Largest Monthly Loss (%)	-20.3 (Oct 08)
% of Positive Months	63
Maximum Drawdown- Peak to Trough (%)	47.4
Length of Drawdown (months)	9
Recovery from recent trough (%)	35.2

Top Holdings

Name	Country	(%)
Industries Qatar	Qatar	5.1
SABIC	Saudi	4.6
National Industrialization	Saudi	3.5

Risk Statistics

Annualised Standard Deviation (%)	19.6
Sharpe Ratio	0.4
Information Ratio	0.7
Beta	0.6
Alpha (%)	10.4

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