

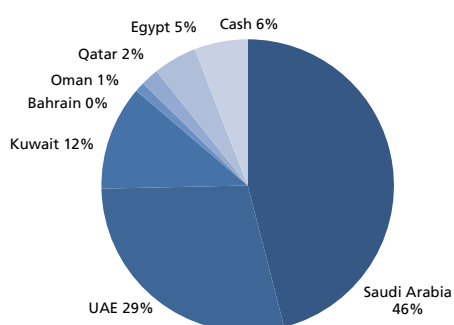
### Manager's Commentary

In November, the Saudi Market rallied 16% on top of the 7% gains reported in the month of October, marking the steepest two monthly increases since March/April 2009. Anecdotal evidence suggests that government related entities acting through Saudi mutual funds were a key driver of the market rally. Over the past 4 weeks, Saudi mutual funds were net investors of approximately USD 6.0bn in to the Saudi market, whereas all other investors were net sellers. Elsewhere, the UAE market was flat and Qatar was down 4%, mainly due to outflows from the passive emerging markets fund.

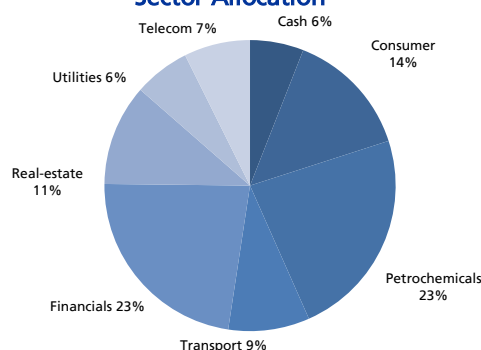
Our investments in Saudi banks and petrochemicals positively contributed to the fund's returns. However, the overall returns were lower than those seen for the benchmark due to off index exposure in Egypt and limited exposure to consumer companies in Saudi Arabia. During the month, the Egyptian government floated its currency; as a consequence, the currency depreciated by 80%. Subsequent to the depreciation, the competitive position of a number of Egyptian companies - particularly in the exports sector - improved significantly. This is anticipated to help boost the market going forward. Consumer, construction and healthcare sectors in Saudi rebounded approximately 50% from their lows, buoyed by the perception that the decline in consumer spending would be lower than initially feared.

We are surprised by the steep rebound in consumer companies and cement companies during the month. We expect the cement sector to face the brunt of the government's austerity drive. In addition, we believe that investors are overestimating the profitability of consumer companies. Hence, we have opted for very limited exposure to these sectors.

### Country Allocation



### Sector Allocation



### Key Statistics

	Fund	Index
Price to Earnings Multiple TTM (x)	12.7	14.2
Price to Book Multiple Latest (x)	1.4	1.3
Return on Equity TTM (%)	11.4	9.9
Dividend Yield—2015 (%)	3.6	3.9
Number of Holdings	28	107
Annualized Return (%) - Last 5 years	6.9	5.1
Annualized Standard Deviation (%) - Last 5 years	15.2	16.4
Largest Monthly Gain (%) - Last 5 years	12.0 (April 15)	11.2 (April 15)
Largest Monthly Loss (%) - Last 5 years	-12.9 (Aug 15)	-13.0 (Aug 15)
% Positive Months (%)	58	56
Success Ratio (%) - Last 5 years	47	NA
Latest Drawdown-Peak to Trough (%)	-29.2	-40.2
Duration of Drawdown (months)	17mths (Aug 14 to Jan 16)	17mths (Aug 14 to Jan 16)
Recovery from Latest Drawdown (%)	8.6 (Feb 16 to Oct16)	8.0 (Feb 16 to Oct 16)

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### 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*
Nov 2016	4.8	7.9
YTD	1.5	4.1
2015	-6.2	-14.6
2014	4.7	0.6
Last 3 Months	2.8	6.0
Last 6 Months	2.5	6.7
Last 9 Months	10.7	12.1
Last 1 Year	-1.5	1.6
Last 3 Years	1.8	-7.5
Last 5 Years	39.8	28.3
Last 10 Years	67.0	12.2
Since Inception (March 04 to Nov16)	177.3	106.8

\* S&P GCC Total Return Index

### Fund Information

Launch Date	March 2004
Management Fee	1.5%
Performance Fee	10% over 10%
Subscription & Redemption	Weekly
Dealing Day	Thursday
Subscription & Redemption Dead-line	Two Business days before dealing day
Minimum Subscription	USD 100,000
Bloomberg Code	KHALEQY BI Equity
Fund ISIN Code	BH000A1CZ8W7
Custodian / Administrator	HSBC Bahrain

### Top Holdings

Name	Country	(%)
Saudi Basic Industries	KSA	9.7
Emaar	UAE	7.5
Aramex	UAE	7.1

### Risk Statistics (last 5 years)

Standard Deviation (%)	15.2
Sharpe Ratio	0.26
Tracking Error (%)	5.6
Information Ratio	1.5
Alpha (%)	6.4
Beta	0.9