

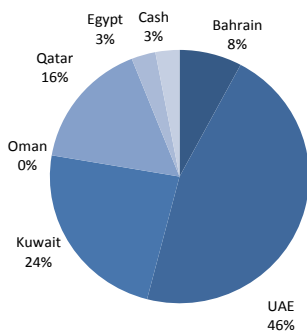
Manager's Commentary

During August, the regional markets capitulated and the volatility was reminiscent of the 2008 Global Financial Crisis. A confluence of factors affected the markets including the continued decline in oil prices and a sharp correction in global equity markets. As a result, Saudi Arabia fell 17% while majority of the other bourses dropped around 10%. The Qatari market, which was lagging for the year, showed resilience and declined only by 2%.

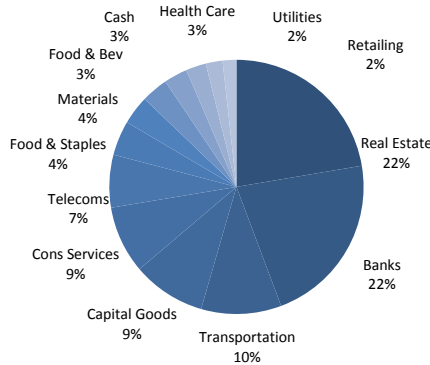
Given the indiscriminate selloff, the value of the fund dropped 6.8% largely in line with the benchmark. Our large holdings from the UAE were affected as concerns of a major correction in real estate prices had a negative impact on investor sentiment. Moreover, our core investments elsewhere also declined in line with the market. On a year to date basis, the fund is up 5.7% compared to negative 10% return of the benchmark.

In the current low oil price environment, we expect the GCC ex Saudi markets to perform relatively better. The UAE economy is well diversified and has taken some measures to boost revenues in the form of introduction of key reforms. Similarly, the Kuwaiti market, which has massively underperformed the rest of the region remains a defensive market. We continue to rebalance the fund by investing in stocks where we believe the declines were unjustified and present a good entry point. We also continue to focus upon dividend yields as post this decline, many blue chip companies offer a yield of 5% and more. We expect the overall returns of the market to remain rangebound, hence dividends will play a key role in generating returns.

Asset Allocation



Sector Allocation



Key Statistics

	Fund	Index
Price to Earnings Multiple TTM (x)	10.3	12.4
Price to Book Multiple Latest (x)	2.1	1.6
Return on Equity TTM (%)	20.4	12.8
Dividend Yield—2014 (%)	3.7	3.4
Number of Holdings	32	136
Annualized Return (%) - Last 5 years	10.4	3.6
Annualized Standard Deviation (%) - Last 5 years	12.5	14.2
Largest Monthly Gain (%)	12.6 (Apr 09)	14.1 (May 09)
Largest Monthly Loss (%)	-14.9 (Oct 08)	-24.4 (Oct 08)
% Positive Months (%)	60.2	51.3
Success Ratio (%)	64	NA
Maximum Drawdown-Peak to Trough (%)	-47.8	-67.5
Length of Drawdown (months)	9	12
Recovery from Maximum Drawdown (%)	99.1	58.5

Investment Objective

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

Returns (%)	Fund	Index*
August 2015	-6.8	-7.0
2015 (Jan - Aug)	5.7	-10.2
2014	4.2	3.2
2013	32.4	27.4
2012	6.1	1.4
2011	-8.2	-14.0
2010	11.6	18.4
2009	12.9	-1.1
2008	-30.8	-53.4
Last 3 Months	-4.0	-6.4
Last 6 Months	0.2	-12.1
Last 1 Year	-8.5	-22.2
Last 3 Years	51.7	23.6
Last 5 Years	64.3	19.3
Last 7 Years	17.9	-40.4
Since Inception (Feb 06 - Aug 15)	57.8	-38.0

*S&P GCC ex Saudi Index

Fund Information

Launch Date	March 2006
Management Fee	1.5%
Performance Fee	10% over 10%
Subscription & Redemption	Weekly
Dealing Day	Wednesday
Subscription & Redemption Deadline	Two business days before the dealing day
Minimum Subscription	US\$ 100,000
Bloomberg Code	SICGULF BI
Zawya Code	SICOGEF.MF
Fund ISIN Code	BH000A1CZ855
Custodian / Administrator	HSBC Bahrain

Top Holdings

Name	Country	(%)
Emaar Properties	UAE	9.6
Dubai Parks and Resorts	UAE	6.8
VIVA Kuwait	Kuwait	5.2

Risk Statistics (last 5 years)

Standard Deviation (%)	12.5
Sharpe Ratio	0.6
Tracking Error (%)	5.6
Information Ratio	1.2
Alpha (%)	7.0
Beta	0.8

For further information contact assetmanagement@sicobahrain.com

Securities & Investment Company BSC (c)
PO. Box 1331, Manama, Kingdom of Bahrain
Tel: +973 1751 5000 Fax: +973 1751 4000
CR No: 33469
www.sicobahrain.com

شركة الأوراق المالية والاستثمار ش.م.ب (م)
ص.ب: 1331، المنامة، مملكة البحرين
هاتف: +973 1751 5000 فاكس: +973 1751 4000
سجل تجاري رقم 33469



This report should not be considered an offer to sell, or a solicitation to buy, shares mentioned herein. Past performance is no indication of future results. Fund historical performance does not promise the same or similar results in the future. Principal value, share prices and investment returns fluctuate with changes in market conditions. The information contained herein has been compiled from sources believe to be reliable; however Securities & Investment Company ("SICO") does not guarantee its accuracy or completeness. Opinions, forecasts and estimates constitute our judgment as of the date of this report and are subject to change without notice. This report is not a solicitation of an order to buy or sell securities or to provide investment advice or service. SICO or its affiliates may from time to time engage in long or short positions in the securities mentioned herein. SICO or its affiliates may act as principal, agent or market maker or provide other services to the issuers of securities mentioned herein. This report is provided for information purposes only and may not be copied or distributed to any other person without the prior written consent of SICO