

Manager's Commentary

The Saudi market rebounded strongly in July and appreciated by 7.4%. The market was up in the range of 2-3% for most of the month but rose sharply (+5%) during the last few trading sessions. This was on account of the announcement that the Kingdom's cabinet has authorized the Capital Market Authority to allow overseas financial institutions to buy and sell shares in the Tadawul All Share Index, a step that is likely to take effect during the first half of 2015. This major development resulted in the index comfortably crossing the psychological barrier of 10,000 – a level that was last achieved before the 2008 Global financial crisis.

The rally in the Saudi market was broad based, but notable gains were experienced from stocks within the banking and petrochemical sectors. Index heavyweight SABIC gained 12%, followed by strong returns from Advanced Petrochemical (+18.8%) and Sahara Petrochemical (+18%). Similarly, the Saudi banking sector, which had thus far been overlooked finally attracted interest on the back of decent earnings announcement. SAMBA (+11%), Bank Saudi Fransi (+14.6%) and Saudi Hollandi (+16.8) were the top performing banking sector stocks.

With such a positive backdrop, your fund appreciated by 8% for the month and extended its gain for the year to 24%. The fund benefited from its large exposure to Saudi banks as well as selected stocks with strong earnings growth. Given this announcement to open up the market to foreigners, we strongly advise our investors to further increase their exposure to this fund. The market is expected to remain upbeat, as local and foreign investors (via SWAPs) alike continue to build positions ahead of the actual opening up of the market. In fact, we have already started seeing evidence of this whereby in July, the value of shares bought by foreigners through swap agreements increased to around US\$1bn compared to the average of US\$100-200m over the last 12 months.

Investment Objective

The primary objective of this Fund is to seek long-term capital appreciation. The Fund will aim to achieve this investment objective by primarily investing in equity securities listed in Saudi Arabia.

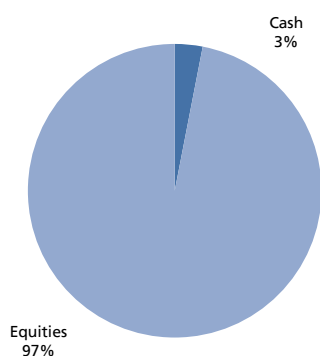
Returns (%)	Fund	Index*
July 2014	8.0	7.4
YTD 2014 (Jan—Jul)	24.0	19.7
2013	33.1	25.5
2012	8.7	6.0
2011 (Feb – Dec)	0.4	0.9
Last 3 Months	7.7	6.6
Last 6 Months	19.9	16.6
Last 1 Year	29.3	29.1
Last 3 Years	77.8	59.8
Last 5 Years	NA	NA
Since Inception (Feb 11— Jul 14)	80.0	59.8

*Saudi Stock Exchange Index

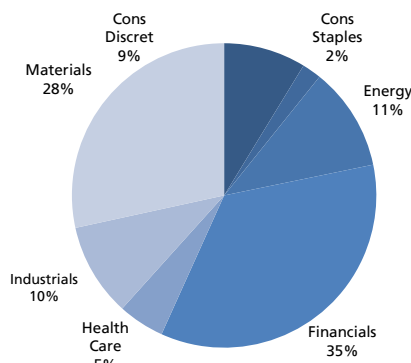
Fund Information

Launch Date	February 2011
Management Fee	1.5%
Subscription & Redemption	Weekly
Dealing Day	Wednesday
Subscription & Redemption Dead-line	Two Business days before dealing day
Minimum Subscription	USD 100,000
Bloomberg Code	SICOKEF BI Equity
Zawya Code	SICOKEQ.MF
Fund ISIN Code	BH00016X01B0
Custodian / Administrator	HSBC Bahrain

Asset Allocation



Sector Allocation



Key Statistics

	Fund	Index
Price to Earnings Multiple TTM (x)	18.4	17.9
Price to Book Multiple Latest (x)	3.6	2.5
Return on Equity TTM (%)	17.2	13.7
Dividend Yield—2013 (%)	2.4	2.9
Number of Holdings	35	145
Annualized Return (%) - Last 3 years	21.1	16.9
Annualized Standard Deviation (%) - Last 3 years	9.7	9.9
Largest Monthly Gain (%)	8.0 (Jul 14)	10.5 (Mar 11)
Largest Monthly Loss (%)	-6.5 (Aug 11)	-7.7 (May 12)
% Positive Months (%)	67	67
Success Ratio (%)	62	NA
Maximum Drawdown-Peak to Trough (%)	11.6	12.2
Length of Drawdown (months)	4	3
Recovery from Maximum Drawdown (%)	90.1	70.8

Top Holdings

Name	Sector	(%)
SABIC	Materials	6.9
Al Rajhi Bank	Financials	6.1
Petrorabigh	Energy	4.1

Risk Statistics (last 3 years)

Standard Deviation (%)	9.7
Sharpe Ratio	1.9
Tracking Error (%)	3.8
Information Ratio	1.1
Alpha (%)	5.5
Beta	0.9

For further information contact assetmanagement@sicobahrain.com

Securities & Investment Company BSC (c)
 P.O. 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
 CR No: 33469
 سجل تجاري رقم 33469

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