

## Manager's Commentary

After three consecutive months of negative returns, the Saudi market rebounded strongly and increased by 7%. The market ignored dismal third quarter earnings of Saudi corporates and welcomed the US\$17.5bn international bond issue by the Government. The rally further gained momentum on news that the Government will be clearing private sector dues, an issue that has plagued the market for several months. The performances of the other GCC bourses were mediocre and except for Kuwait the rest ended the month in negative territory. As a result of this reversal, the year to date losses of the market which was at one point in time close to 20%, narrowed to less than 10%.

Your fund participated in most of the recovery and gained 6.1%. The main positive contribution came from our large exposure to the Saudi banking sector that rallied on the back of the international bond issue and indications by the Government that they will clear private sector receivables. This provided the much needed trigger to the sector which was already trading at multi year low valuations. Our other core holdings also performed well and participated in the rally. However, given that we did not have exposure to high beta names, the performance lagged its benchmark. On a year to date basis, the losses of the fund have contracted and is down less than 10%.

With the continuation of the rally during November, the year to date losses have further reduced. In light of this, we are taking advantage of the sharp rally and are rebalancing the fund. We have started booking profits in stocks from the petrochemical, telecom and healthcare sectors where we believe upside is limited. Concurrently, we are looking to invest the cash in businesses which would be relatively less affected by the austerity measures and cut in public sector wages. We continue to avoid stocks from the contracting and cement sectors and have limited exposure to consumer names.

## 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*
October 2016	6.1	6.8
YTD (Oct 2016)	-9.2	-9.4
2015	-5.5	-15.1
2014	8.9	-3.6
2013	33.1	28.8
2012	8.7	8.4
Last 3 Months	-3.2	-4.1
Last 6 Months	-6.7	-9.7
Last 1 Year	-12.2	-12.4
Last 3 Years	-2.0	-20.8
Last 5 Years	38.7	6.7
Since Inception (Feb 11— Oct 16)	35.6	7.2

\*S&P Saudi Total Return 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

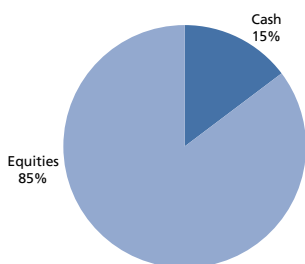
## Top Holdings

Name	Sector	(%)
Al Rajhi Bank	Banks	7.1
Saudi Basic Industries	Petrochem	6.9
Mouwasat Medical Services	Healthcare	6.4

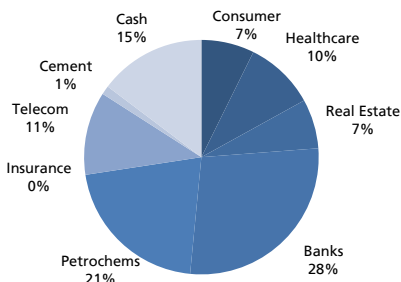
## Risk Statistics (last 5 years)

Standard Deviation (%)	17.4
Sharpe Ratio	0.2
Tracking Error (%)	6.6
Information Ratio	0.8
Alpha (%)	5.1
Beta	0.8

## Asset Allocation



## Sector Allocation



## Key Statistics

	Fund	Index
Price to Earnings Multiple TTM (x)	12.8	13.7
Price to Book Multiple Latest (x)	1.5	1.3
Return on Equity TTM (%)	14.5	12.7
Dividend Yield—2015 (%)	4.4	5.0
Number of Holdings	24	107
Annualized Return (%) - Last 5 years	6.8	1.3
Annualized Standard Deviation (%) - Last 5 years	17.4	20.5
Largest Monthly Gain (%) - Last 5 years	12.1 (Apr 15)	13.8 (Apr 15)
Largest Monthly Loss (%) - Last 5 years	-14.9 (Aug 15)	-17.2 (Aug 15)
% Positive Months (%)	55	55
Success Ratio (%) - Last 5 years	58	NA
Latest Drawdown-Peak to Trough (%)	-35.4	-47.0
Duration of Drawdown (months)	25mths (Aug 14 to Sep 16)	25mths (Aug 14 to Sep 16)
Recovery from Latest Drawdown (%)	6.1	6.8

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