

Manager's Commentary

In a shortened trading month due to Eid holidays, the Saudi market declined by 2.7% and was the worst performing GCC bourse. The market took cues from the decline in oil prices (-15%) and second quarter earnings announcements. Other regional markets shrugged away the sharp drop in oil prices as passive flows dominated both Qatar and Dubai bourses resulting in them increasing 7.3% and 5.2%, respectively. For the year, Saudi market is down around 6% and has lagged the other main regional indices.

On an overall basis, second quarter earnings of Saudi companies declined by 12% mainly due to contraction in petrochemical sector earnings. In terms of our fund holdings, we are encouraged by the performance of most companies and do not envisage major rebalancing. Even though some of our holdings reported poor earnings, we remain confident that this is temporary as the inherent business remains intact.

The value of the fund declined by 2.6% and was in line with the benchmark. Although we had decent exposure to the health care sector that remained buoyant post encouraging second quarter earnings, some of our consumer related investments fell. We are currently analyzing the earnings in detail focusing on companies that have reported dismal earnings but have the strong possibility of a turnaround. This includes selected petrochemical and consumer stocks that have declined considerably and are beginning to look extremely attractive from a valuation perspective.

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 2016	-2.6	-2.7
YTD (July 2016)	-6.2	-5.6
2015	-5.5	-14.3
2014	8.9	-2.1
2013	33.1	29.3
2012	8.7	9.3
Last 3 Months	-3.6	-6.5
Last 6 Months	5.9	9.0
Last 1 Year	-24.0	-27.9
Last 3 Years	0.6	-14.0
Last 5 Years	38.4	11.9
Since Inception (Feb 11— Jul 16)	40.1	16.1

*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

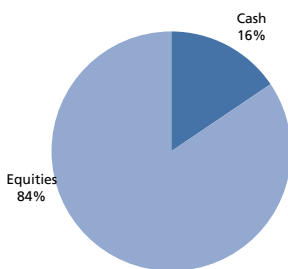
Top Holdings

Name	Sector	(%)
Al Rajhi Bank	Financials	7.2
Saudi Basic Industries	Petrochemicals	7.0
Mouwasat Medical	Healthcare	6.4

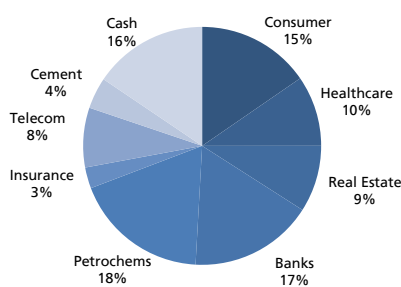
Risk Statistics (last 5 years)

Standard Deviation (%)	17.2
Sharpe Ratio	0.2
Tracking Error (%)	5.1
Information Ratio	0.9
Alpha (%)	4.3
Beta	0.8

Asset Allocation



Sector Allocation



Key Statistics

	Fund	Index
Price to Earnings Multiple TTM (x)	17.0	14.7
Price to Book Multiple Latest (x)	1.6	1.5
Return on Equity TTM (%)	12.0	10.0
Dividend Yield—2015 (%)	4.0	3.8
Number of Holdings	31	107
Annualized Return (%) - Last 5 years	6.7	2.3
Annualized Standard Deviation (%) - Last 5 years	17.2	20.1
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 (%)	56	58
Success Ratio (%) - Last 5 years	59	NA
Latest Drawdown—Peak to Trough (%)	-33.2	-45.1
Duration of Drawdown (months)	17mths (Aug 14 to Jan 16)	17mths (Aug 14 to Jan 16)
Recovery from Latest Drawdown (%)	5.9 (Feb 16 to Jul 16)	9.0 (Feb 16 to Jul 16)

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