

## Manager's Commentary

The Saudi market extended its positive run and increased by 3.2% in December, pushing the 2016 full year return of the S&P Saudi Total Return index to 8.1%. It was an extremely volatile year with the index declining over 15% during the first nine months, only to stage a recovery of around 30% during the fourth quarter to end the year with single digit positive returns. The rally during the fourth quarter was triggered by the successful bond issuance, commitment by the Govt to settle private sector dues, OPEC production cut deal and Government buying to the tune of around US\$10bn that propped the market.

The fund appreciated by 2.6% in December and closed the year with a marginal positive return of 1.6%. The fund significantly underperformed the benchmark during the fourth quarter and hence the full year as we did not expect such a sharp and broad based recovery. The fund was defensively positioned both in terms of having cash and low beta investments. Having said this, we continue to remain disciplined and will focus on fundamentals rather than chase momentum in companies where the underlying dynamics remain weak.

Going forward, we are confident that our performance will be back on track. We intend to extract value and generate alpha by investing in the following investment themes: a) companies that have can benefit from the continued reforms within the Kingdom b) petrochemicals given that oil prices should remain relatively healthy c) large banks given their cushion to absorb a potential rise in non-performing loans and d) companies where dividends are high.

## 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*
December 2016	2.6	3.2
YTD (Dec 2016)	1.6	8.1
2015	-5.5	-15.1
2014	8.9	-3.6
2013	33.1	28.8
2012	8.7	8.4
Last 3 Months	18.7	27.5
Last 6 Months	5.6	11.9
Last 1 Year	1.6	8.1
Last 3 Years	4.6	-11.5
Last 5 Years	51.2	23.5
Since Inception (Feb 11— Dec 16)	51.8	27.9

\*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

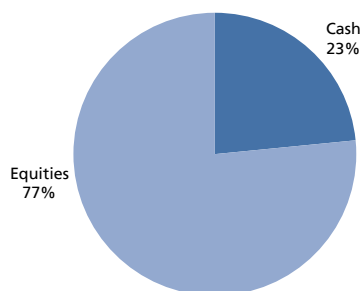
## Top Holdings

Name	Sector	(%)
Saudi Basic Industries	Petrochem	9.3
Saudi Electricity	Utilities	7.0
Yansab	Petrochem	6.5

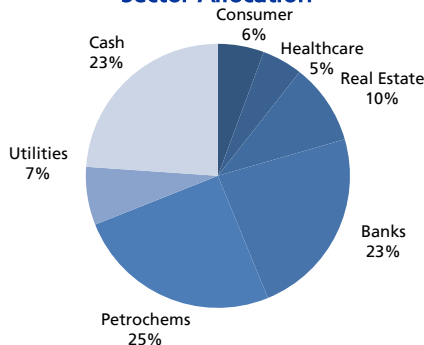
## Risk Statistics (last 5 years)

Standard Deviation (%)	17.7
Sharpe Ratio	0.3
Tracking Error (%)	7.2
Information Ratio	0.6
Alpha (%)	4.6
Beta	0.8

### Asset Allocation



### Sector Allocation



## Key Statistics

	Fund	Index
Price to Earnings Multiple TTM (x)	17.3	16.3
Price to Book Multiple Latest (x)	1.6	1.6
Return on Equity TTM (%)	12.0	12.6
Dividend Yield—2015 (%)	4.0	4.2
Number of Holdings	25	107
Annualized Return (%) - Last 5 years	8.6	4.3
Annualized Standard Deviation (%) - Last 5 years	17.7	21.5
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 (%)	56	56
Success Ratio (%) - Last 5 years	56	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 (%)	18.7	27.5

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 Investment Bank

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