

Manager's Commentary

Despite being Ramadan and a shortened trading month, the Saudi market recovered strongly in June and appreciated by 8.5%. This was on the back of the official announcement by MSCI to include Saudi Arabia in the Watchlist, the first step to the actual inclusion in the Emerging Market Index. This coupled with the appointment of the new Crown Prince was applauded by the market that skyrocketed during the last two trading sessions of the month. Qatar witnessed a intense sell off after GCC countries decided to sever ties.

The fund appreciated by 8.6% for the month and performed in line with the market. The fund benefited from its large exposure to the large caps especially within the Saudi banking sector. Our core investments such as National Commercial Bank (+30%), SAMBA (+19%) and Maaden (+19%) were amongst the top contributors to the fund.

We welcome both these positive developments and expect the Saudi market to continue to witness investor interest in the medium term. However, given that the actual MSCI inclusion is still a 2018/2019 story, we expect waves of volatility during this time. Once this initial euphoria dies down, we expect investors to focus on the actual ground realities, which are being tested given the recent weakness in oil prices. We took advantage of the strong performance in the overall market and moved away from investments which we believe would disappoint investors during the second quarter earnings announcements. We intend to reinvest the cash generated to our core investments ideas focusing on financials and selected companies that have the potential to benefit from the National Transformation Program.

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*
June 2017	8.6	8.5
YTD (June 2017)	7.6	5.5
2016	1.6	9.0
2015	-5.5	-14.3
2014	8.9	-2.1
2013	33.1	29.3
Last 3 Months	7.0	7.9
Last 6 Months	7.6	5.5
Last 1 Year	13.6	18.4
Last 3 Years	-2.0	-14.3
Last 5 Years	55.4	27.3
Since Inception (Feb 11— Jun 17)	63.3	41.3

*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

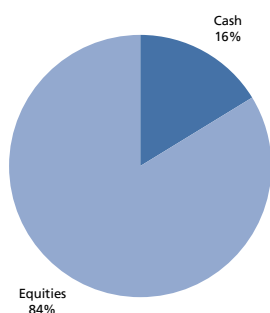
Top Holdings

Name	Sector	(%)
Al Rajhi Bank	Banks	7.9
Saudi Basic Industries	Petrochem	7.8
Saudi Telecom	Telecom	5.1

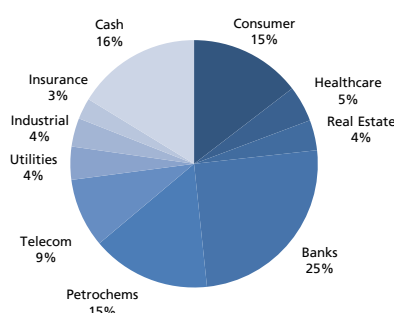
Risk Statistics (last 5 years)

Standard Deviation (%)	17.4
Sharpe Ratio	0.4
Tracking Error (%)	5.6
Information Ratio	0.8
Alpha (%)	4.6
Beta	0.8

Asset Allocation



Sector Allocation



Key Statistics

	Fund	Index
Price to Earnings Multiple TTM (x)	19.4	17.2
Price to Book Multiple Latest (x)	1.8	1.7
Return on Equity TTM (%)	9.5	9.9
Dividend Yield—2015 (%)	2.9	3.1
Number of Holdings	27	107
Annualized Return (%) - Last 5 years	9.2	4.9
Annualized Standard Deviation (%) - Last 5 years	17.4	20.7
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 (%)	57	55
Success Ratio (%) - Last 5 years	60	NA
Latest Drawdown-Peak to Trough (%)	-35.4	-46.2
Duration of Drawdown (months)	25mths (Aug 14 to Sep 16)	25mths (Aug 14 to Sep 16)
Recovery from Latest Drawdown (%)	27.7	35.4

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Investment Bank

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