

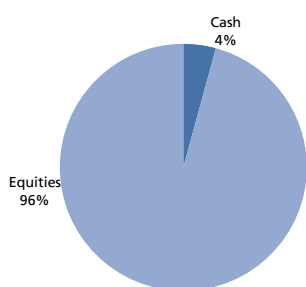
### Manager's Commentary

The Saudi market posted its worst performance since January 2016 and the benchmark fell 7.7%, while most other GCC bourses traded sideways. The market was subdued for most of the month given the drop in turnover and holiday period. However, selling exacerbated during the last few days as the Government announced a cut in public sector salaries and bonuses that resulted in a freefall with the consumer discretionary sector being at the forefront. News of margin calls further exaggerated the selloff across the broader market.

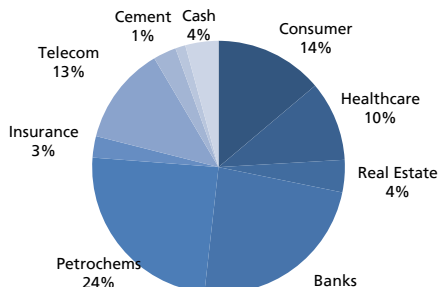
It was a difficult month for the fund and its value declined by close to 7%. Despite having low exposure to the overall consumer discretionary space, the sharp correction resulted in share prices of some of our holdings declining close to 20% that contributed to the fund's negative performance. Our other active bets from within the consumer staple and healthcare sectors also corrected in line with the market.

During the month, we deployed the cash that we had into companies which we believe were unduly penalized, such as large caps and stocks from within the petrochemical sector. In such an environment where most domestic focused companies are witnessing a slowdown, our likeness to the petrochemical sector has increased given stable product prices and the recent uptick in oil prices. In addition, we have further tilted the portfolio towards large caps such as SABIC and Al Rajhi and also increased our exposure to Saudi Telecom post the recent correction. The stocks offers a dividend yield of over 7% and offers limited downside potential. There is a strong possibility that the Saudi market could recover some of its losses by the year end, despite the medium to long term headwinds, given that the market is already down over 15% this year. We are striving to participate in such a recovery to reduce the losses incurred this year.

### Asset Allocation



### Sector Allocation



### Key Statistics

	Fund	Index
Price to Earnings Multiple TTM (x)	14.1	13.2
Price to Book Multiple Latest (x)	1.5	1.3
Return on Equity TTM (%)	10.9	10.0
Dividend Yield—2015 (%)	4.0	4.3
Number of Holdings	29	107
Annualized Return (%) - Last 5 years	5.8	1.0
Annualized Standard Deviation (%) - Last 5 years	17.2	20.2
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 (%)	-35.4	-46.3
Duration of Drawdown (months)	25mths (Aug 14 to Sep 16)	25mths (Aug 14 to Sep 16)
Recovery from Latest Drawdown (%)	0.0	0.0

### 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*
September 2016	-6.9	-7.7
YTD (Aug 2016)	-14.4	-15.2
2015	-5.5	-14.3
2014	8.9	-2.1
2013	33.1	29.3
2012	8.7	9.3
Last 3 Months	-11.1	-12.6
Last 6 Months	-5.4	-6.9
Last 1 Year	-17.9	-20.6
Last 3 Years	-8.3	-23.4
Last 5 Years	32.8	5.3
Since Inception (Feb 11— Sep 16)	27.9	4.2

\*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	(%)
Saudi Basic Industries	Petrochemicals	8.5
Al Rajhi Bank	Financials	8.4
Saudi Telecom	Telecoms	6.3

### Risk Statistics (last 5 years)

Standard Deviation (%)	17.2
Sharpe Ratio	0.2
Tracking Error (%)	5.1
Information Ratio	0.9
Alpha (%)	4.5
Beta	0.8

Securities and Investment Company BSC (c) claims compliance with the Global Investment Performance Standards (GIPS®). Securities and Investment Company BSC (c) (also known as SICO) is a closed joint stock company registered in Bahrain and operates a wholesale banking license from the Central Bank of Bahrain. The company is registered with the Ministry of Industry and Commerce and is listed on the Bahrain Stock Exchange as a closed company. To receive a list of composite descriptions and/or a presentation that complies with the GIPS standards, write to [assetmanagement@sicobahrain.com](mailto:assetmanagement@sicobahrain.com), or call 973 17 515000.

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](http://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 ٣٣٤٦٩

بنك استثماري sico  
 Investment Bank

This report should not be considered an offer to sell, or a solicitation to buy, shares mentioned herein. Past performance is no indication of future results. Fund historical performance does not promise the same or similar results in the future. Principal value, share prices and investment returns fluctuate with changes in market conditions. The information contained herein has been compiled from sources believed to be reliable; however Securities & Investment Company ("SICO") does not guarantee its accuracy or completeness. Opinions, forecasts and estimates constitute our judgment as of the date of this report and are subject to change without notice. This report is not a solicitation of an order to buy or sell securities or to provide investment advice or service. SICO or its affiliates may from time to time engage in long or short positions in the securities mentioned herein. SICO or its affiliates may act as principal, agent or market maker or provide other services to the issuers of securities mentioned herein. This report is provided for information purposes only and may not be copied or distributed to any other person without the prior written consent of SICO.