

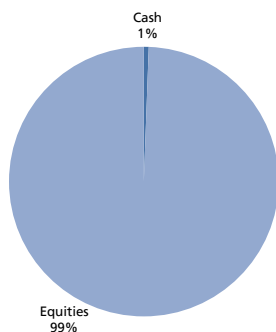
Manager's Commentary

Post the decline in July, the Saudi market partially recovered and rose 1.5% during August. Large caps led the recovery with the index heavyweight Al Rajhi Bank increasing close to 8% as investors took advantage of the dip seen in July. Other large caps especially from the banking sectors also contributed to the positive performance. This upward movement is mainly on the back of an expected announcement by FTSE regarding whether to include Saudi Arabia in their emerging market indices. On a year to date, the Tadawul index is up 1% while the S&P Saudi index is up 3.6%

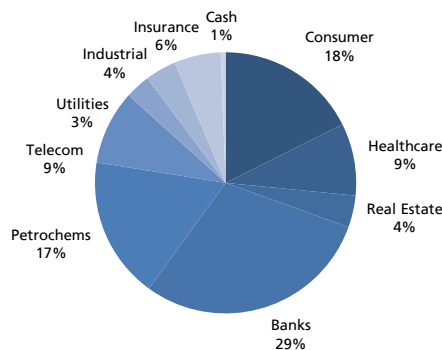
The fund appreciated by 1.5% in August and underperformed its benchmark. The main reason was the rally in some large caps where we had lower allocation compared to the benchmark. At the same time, some of our core holdings such as from the health care sector declined after reporting disappointing earnings. On a year to date basis, the fund is up 6% which we are looking to further build upon.

The chances of a positive outcome by FTSE to include Saudi Arabia to its emerging market indices is quite high which can result in passive inflows of around US\$ 4 billion. This would in turn keep large caps at the forefront. We like the Saudi banking sector given their attractive valuations and welcome the higher dividends announced for the first half of the year. We also anticipate a recovery in the petrochemical sector given the recent uptick in oil prices. We are positioning the fund in light of such themes.

Asset Allocation



Sector Allocation



Key Statistics

	Fund	Index
Price to Earnings Multiple TTM (x)	16.8	16.8
Price to Book Multiple Latest (x)	1.8	1.6
Return on Equity TTM (%)	9.6	9.7
Dividend Yield—2015 (%)	3.0	3.4
Number of Holdings	29	107
Annualized Return (%) - Last 5 years	7.6	3.1
Annualized Standard Deviation (%) - Last 5 years	17.5	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	57
Success Ratio (%) - Last 5 years	59	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 (%)	25.7	32.9

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*
August 2017	1.5	2.4
YTD (Aug 2017)	5.9	3.6
2016	1.6	9.0
2015	-5.5	-14.3
2014	8.9	-2.1
2013	33.1	29.3
Last 3 Months	6.9	6.5
Last 6 Months	6.5	6.8
Last 1 Year	17.1	22.8
Last 3 Years	-18.8	-28.5
Last 5 Years	44.4	16.6
Since Inception (Feb 11— Aug 17)	60.8	38.7

*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	8.2
Al Rajhi Bank	Banks	7.3
National Commercial Bank	Banks	6.2

Risk Statistics (last 5 years)

Standard Deviation (%)	17.5
Sharpe Ratio	0.3
Tracking Error (%)	5.6
Information Ratio	0.8
Alpha (%)	4.5
Beta	0.8

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