

Manager's Commentary

After three consecutive months of positive returns, the Saudi market declined by 5.3% in May. The market held relatively firm during the first half but witnessed selling pressure during the last week. Although no specific news led the decline, investors booked profits taking advantage of the gains made over the last three months where the index had increased over 20%. On a year to date basis, the Saudi market is down close to 7%, lagging most other regional bourses.

The fund declined by 2.1% compared to a drop of 5.3% of the benchmark. The fund benefited from a combination of the high cash allocation and positive stock selection from our core holdings. Our consumer staple holding, SADAFCO continued its upward trajectory and gained 11% in an overall downward market. Investors continued to build exposure after the company reporting exceptionally strong numbers for the quarter ending March 2016. We continue to like the business given that margins are expected to remain high on the back of low commodity prices and relatively attractive valuations that it trades at compared to its peers. Saudi Arabia Mining was also another holding that attracted a lot of interest and appreciated as much as 40% at one point in time. This was on account of optimism regarding its management changes and potential role in the 2030 Vision Plan.

With the holy month of Ramadan falling in June and summer holidays starting soon after, we believe that the regional markets' performance will be lacklustre. Hence, we continue to maintain a defensive orientation and would refrain from increasing our investments materially during this period. However, we continue our rebalancing exercise and look to invest in some fresh investments ideas that we have finalized.

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*
May 2016	-2.1	-5.3
YTD (May 2016)	-4.7	-6.7
2015	-5.5	-17.1
2014	8.9	-2.4
2013	33.1	25.5
2012	8.7	6.0
Last 3 Months	7.2	5.8
Last 6 Months	-7.5	-10.9
Last 1 Year	-24.8	-33.4
Last 3 Years	10.1	-12.9
Last 5 Years	36.3	-4.3
Since Inception (Feb 11— May 16)	42.3	1.4

*Tadawul Index (Price Return)

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

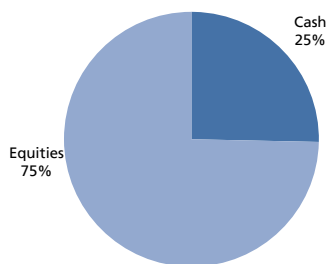
Top Holdings

Name	Sector	(%)
Al Rajhi Bank	Financials	7.2
Saudi Basic Industries	Petrochems	6.9
Mouwasat Medical	Healthcare	6.2

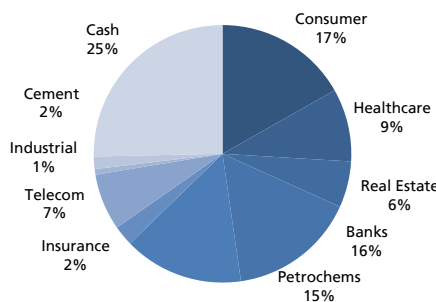
Risk Statistics (last 5 years)

Standard Deviation (%)	17.3
Sharpe Ratio	0.2
Tracking Error (%)	4.5
Information Ratio	1.6
Alpha (%)	6.7
Beta	0.9

Asset Allocation



Sector Allocation



Key Statistics

	Fund	Index
Price to Earnings Multiple TTM (x)	15.9	14.8
Price to Book Multiple Latest (x)	1.9	1.5
Return on Equity TTM (%)	11.8	10.3
Dividend Yield—2015 (%)	3.9	3.8
Number of Holdings	26	107
Annualized Return (%) - Last 5 years	6.4	-0.9
Annualized Standard Deviation (%) - Last 5 years	17.3	19.4
Largest Monthly Gain (%) - Last 5 years	12.1 (Apr 15)	12.0 (Apr 15)
Largest Monthly Loss (%) - Last 5 years	-14.9 (Aug 15)	-17.3 (Aug 15)
% Positive Months (%)	57	59
Success Ratio (%) - Last 5 years	67	NA
Latest Drawdown—Peak to Trough (%)	-33.2	-46.0
Duration of Drawdown (months)	17mths (Aug 14 to Jan 16)	17mths (Aug 14 to Jan 16)
Recovery from Latest Drawdown (%)	7.6 (Feb 16 to May 16)	7.5 (Feb 16 to May 16)

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