

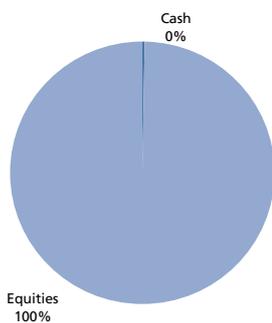
## Manager's Commentary

The Saudi markets' descent extended for the fourth consecutive month and the index declined by another 3.4%, bringing its return for the year to the negative territory. The month was earmarked by extreme volatility as the index plunged by 15% at one point in time during the first half of December but rallied towards the second half and recouped the majority of its losses. Oil continued its free fall and dropped another 15% bringing its yearly decline to over 47%. The Saudi market, which was up around 30% for the year at one point in time, gave back all the gains and ended the year with a negative 2.4% return.

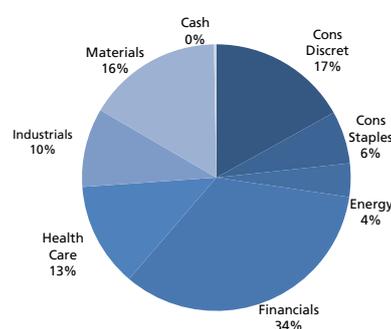
The NAV of the fund declined by 1.9% in December. The fund was affected by the modest declines in our large holdings that fell in line with the overall market. The fund ended the year with a return of 9%, generating an alpha of over 11% compared to the benchmark. This was primarily due to our stock selection especially within the Insurance and consumer sectors. Furthermore, our defensive orientation during the last four months also helped to weather the massive correction experienced in the market.

We believe that the overall returns of the GCC markets in 2015 are going to be at best modest single digit mainly due to suppressed corporate earnings. We are in the process of recalibrating our bottom up earnings estimates for 2015 but at this stage all we can say is that we will be pleasantly surprised if the GCC markets can manage to produce single digit growth in 2015. Having said this, we feel that there are many gems lying around in the market wreckage of the past few months. For example, SAMBA Financial has declined in line with the overall market, while its earnings should remain largely unaffected. We intend to pick on such themes and also position the portfolio in anticipation of the opening up of the market rumoured to be during the first half of the year.

### Asset Allocation



### Sector Allocation



## Key Statistics

	Fund	Index
Price to Earnings Multiple TTM (x)	16.2	14.4
Price to Book Multiple Latest (x)	3.8	1.9
Return on Equity TTM (%)	18.5	13.3
Dividend Yield—2013 (%)	2.2	3.6
Number of Holdings	35	105
Annualized Return (%) - Last 3 years	16.3	9.1
Annualized Standard Deviation (%) - Last 3 years	9.7	9.9
Largest Monthly Gain (%)	8.0 (Jul 14)	10.5 (Mar 11)
Largest Monthly Loss (%)	-13.0 (Nov 14)	-14.1 (Nov 14)
% Positive Months (%)	67	67
Success Ratio (%)	62	NA
Maximum Drawdown—Peak to Trough (%)	-20.1	-25.0
Length of Drawdown (months)	4	4
Recovery from Maximum Drawdown (%)	67.0	39.4

## 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 2014	-1.9	-3.4
2014	8.9	-2.4
2013	33.1	25.5
2012	8.7	6.0
2011 (Feb – Dec)	0.4	0.9
Last 3 Months	-19.0	-23.2
Last 6 Months	-5.2	-12.4
Last 1 Year	8.9	-2.4
Last 3 Years	57.5	29.8
Last 5 Years	NA	NA
Since Inception (Feb 11— Dec 14)	58.1	31.1

\*Saudi Stock Exchange 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	(%)
SAMBA Financial	Financials	5.6
Mouwasat Medical Services	Health Care	4.8
Dallah Health Care	Health Care	4.4

## Risk Statistics (last 3 years)

Standard Deviation (%)	9.7
Sharpe Ratio	1.4
Tracking Error (%)	3.8
Information Ratio	1.9
Alpha (%)	7.8
Beta	0.9

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