

### Manager's Commentary

The Saudi market fell 4.5% in December and ended the year with a decline of 17.1%. It was a crucial month as the Fed raised US interest rates ending a seven year period of a declining interest rate environment. In addition, the Saudi budget was announced along with an increase in feedstock, electricity and water prices. As a result, petrochemical, industrial and cement sector stocks were amongst the worst hit and declined in the range of 10-15%. Other GCC bourses fared relatively better due to buying primarily in the large caps from Qatar and the UAE.

The fund declined by 2.9% in December and ended the year with a negative return of 5.5%. It was a difficult year for the market and can be broken in two halves: rally during the first six months that saw the index nearly touch 10,000 points followed by a sharp correction during the second half that resulted in the index ending the year below 7,000 points. Our conservative asset allocation (having some cash during the market turmoil) and defensive stock positioning (focusing on low beta names) helped in restricting the losses for the year.

The Saudi market has started the year on a bearish tone and is down over 15% during the first half of the month. Slowdown in China, continued fall in oil prices and heightened geo-political tensions in the region have spooked investors resulting in a sharp free fall. We maintain a defensive positioning as we believe the market will continue to adjust to the new norm of low oil prices and also analyze the impact of the hike in electricity rates across the various companies.

### 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.

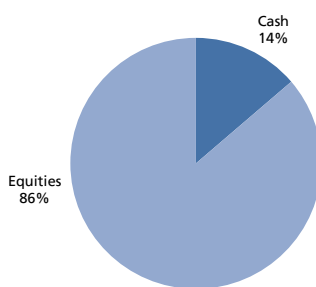
Returns (%)	Fund	Index*
December 2015	-2.9	-4.5
2015 (Jan—Dec)	-5.5	-17.1
2014	8.9	-2.4
2013	33.1	25.5
2012	8.7	6.0
Last 3 Months	-4.1	-6.7
Last 6 Months	-17.9	-23.9
Last 1 Year	-5.5	-17.1
Last 3 Years	36.9	1.6
Last 5 Years	NA	NA
Since Inception (Feb 11— Dec 15)	49.4	8.7

\*Saudi Stock Exchange Index

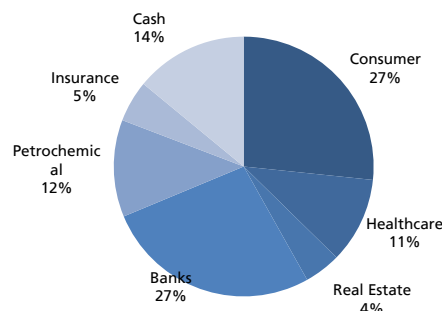
### Fund Information

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

### Asset Allocation



### Sector Allocation



### Key Statistics

	Fund	Index
Price to Earnings Multiple TTM (x)	16.3	15.1
Price to Book Multiple Latest (x)	3.1	1.7
Return on Equity TTM (%)	20.8	11.1
Dividend Yield—2014 (%)	3.5	4.0
Number of Holdings	28	107
Annualized Return (%) - Last 3 years	11.0	0.5
Annualized Standard Deviation (%) - Last 3 years	18.3	19.8
Largest Monthly Gain (%)	12.1 (Apr 15)	12.0 (Apr 15)
Largest Monthly Loss (%)	-14.9 (Aug 15)	-17.3 (Aug 15)
% Positive Months (%)	56	58
Success Ratio (%)	69	NA
Maximum Drawdown-Peak to Trough (%) - 5 years	-24.6	-37.8
Length of Drawdown (months)	15	15
Recovery from Maximum Drawdown (%) - 5 years	0.0	0.0

### Top Holdings

Name	Sector	(%)
Herfy Food Services	Consumer	6.6
SAMBA Financial	Financials	6.4
Al Rajhi Bank	Financials	5.5

### Risk Statistics (last 3 years)

Standard Deviation (%)	18.3
Sharpe Ratio	0.4
Tracking Error (%)	4.2
Information Ratio	2.5
Alpha (%)	10.3
Beta	0.9

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 Investment Bank

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