

### Manager's Commentary

After three strong months of positive returns, the Saudi market gave back 1% of its returns in January. The market reacted to poor earnings announcements by most corporates and at one point in time broke the psychological level of 7,000 points. However, interest at lower levels resulted in the market recovery during the later part of the month on the back of positive sentiment amongst the large caps. Other bourses were relatively muted with the exception of Kuwait that posted a surprising 12% return.

The fund appreciated by 0.7% in January compared to a decline of 1% in the benchmark. The fund benefited primarily from having decent exposure to the Saudi petrochemical sector where small to mid cap stocks continued their upward trend. This is the sector we continue to like and have invested close to 40% of the fund. Earnings growth are expected to be the highest given the sharp increase in some product prices. In addition, many companies are expected to increase their dividend payouts which should be well received by investors.

During the month, we deployed the cash we had into selected consumer companies that have shown their resilience in navigating through the downturn or companies where we think the worst is behind them. We also added to our banking sector exposure focusing on large banks which we believe would outperform the rest of the sector looking at their potential to improve margins, quality of assets and ability to absorb rise in non performing loans.

### 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*
January 2017	0.7	-1.0
YTD (Jan 2017)	0.7	-1.0
2016	1.6	8.1
2015	-5.5	-15.1
2014	8.9	-3.6
2013	33.1	28.8
Last 3 Months	12.7	18.1
Last 6 Months	9.1	13.3
Last 1 Year	15.5	26.1
Last 3 Years	1.8	-14.4
Last 5 Years	49.3	18.5
Since Inception (Feb 11— Jan 17)	52.8	26.7

\*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

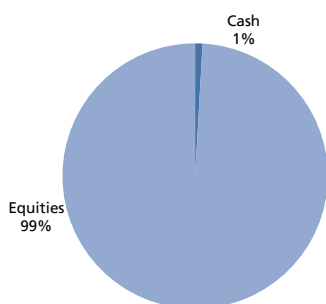
### Top Holdings

Name	Sector	(%)
Al Rajhi Bank	Banks	9.8
Saudi Basic Industries	Petrochem	9.7
Yansab	Petrochem	7.1

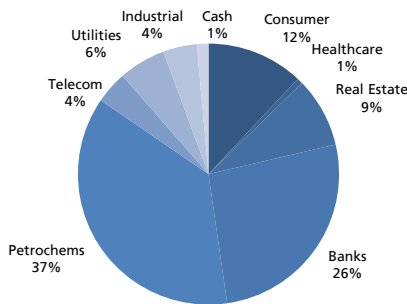
### Risk Statistics (last 5 years)

Standard Deviation (%)	17.8
Sharpe Ratio	0.3
Tracking Error (%)	7.3
Information Ratio	0.7
Alpha (%)	5.0
Beta	0.8

### Asset Allocation



### Sector Allocation



### Key Statistics

	Fund	Index
Price to Earnings Multiple TTM (x)	16.6	16.7
Price to Book Multiple Latest (x)	1.7	1.6
Return on Equity TTM (%)	12.5	12.1
Dividend Yield—2015 (%)	4.2	4.3
Number of Holdings	31	107
Annualized Return (%) - Last 5 years	8.4	3.5
Annualized Standard Deviation (%) - Last 5 years	17.8	21.6
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	56
Success Ratio (%) - Last 5 years	56	NA
Latest Drawdown-Peak to Trough (%)	-35.4	-47.0
Duration of Drawdown (months)	25mths (Aug 14 to Sep 16)	25mths (Aug 14 to Sep 16)
Recovery from Latest Drawdown (%)	19.5	26.2

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 Investment Bank

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