

Manager's Commentary

The Saudi market declined by 7.6% in October and experienced its steepest monthly decline in over two and a half years. The market mirrored the plunge in international oil prices that ended the month with a drop of over 12%. It is pertinent to note that oil prices have fallen by over 30% since the peaks made a couple of months ago. Furthermore, the ongoing NCB IPO also dragged the market lower as investors continued to generate cash to participate for this. The Petrochemical sector was amongst the worst performing sectors and fell by 13.8%, with SABIC declining as much as 15.5% during the month. Other Stocks such as SIPCHEM (-16%), National Industrialization Company (-21%) and Sahara Petrochemical (-22%) were also adversely hit. The Banking sector was also not spared and declined by 6.2%, as all listed banks witnessed negative returns. The steepest decline was reported by Bank Al-Jazira at 12.8% followed by Al Rajhi Bank that fell 8.3% on poor third quarter earnings announcements

The value of the fund declined by 5.1% in October as compared to a 7.6% drop in the benchmark. This outperformance was a result of the fund's lower allocation to the petrochemical sector as we had significantly reduced our exposure during the previous couple of months as some of the stocks had reached their fair values and global oil prices began declining. In addition, the fund had a greater allocation to the Saudi Insurance, Health Care and Consumer sectors that did not decline as much as some of the high beta names. On a year to date basis, the fund's return remains healthy and is up by 27.7% for the year.

Overall, the third quarter earnings of Saudi companies have been flat on a year on year basis. The notable theme has been the continued disappointment of some of the large caps' earnings while selected small to mid cap companies have done well. During the month, we continued to re-position the fund by further reducing our exposure to high beta names and building exposure to stocks from the consumer discretionary sector.

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.

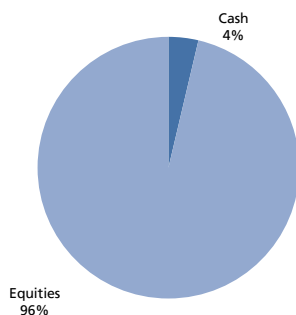
Returns (%)	Fund	Index*
October 2014	-5.1	-7.6
YTD 2014 (Jan—Oct)	27.7	17.6
2013	33.1	25.5
2012	8.7	6.0
2011 (Feb – Dec)	0.4	0.9
Last 3 Months	3.0	-1.8
Last 6 Months	10.9	4.7
Last 1 Year	33.9	24.7
Last 3 Years	89.5	61.2
Last 5 Years	NA	NA
Since Inception (Feb 11— Oct 14)	85.4	57.8

*Saudi Stock Exchange Index

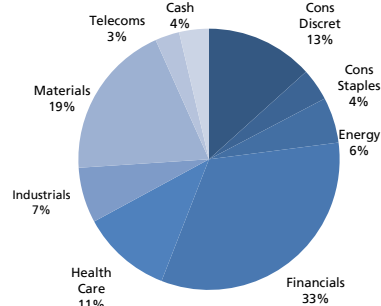
Fund Information

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)	18.2	17.1
Price to Book Multiple Latest (x)	4.2	2.4
Return on Equity TTM (%)	19.1	13.9
Dividend Yield—2013 (%)	1.8	2.9
Number of Holdings	35	145
Annualized Return (%) - Last 3 years	23.8	17.3
Annualized Standard Deviation (%) - Last 3 years	9.7	9.9
Largest Monthly Gain (%)	8.0 (Jul 14)	10.5 (Mar 11)
Largest Monthly Loss (%)	-6.5 (Aug 11)	-7.7 (May 12)
% Positive Months (%)	67	67
Success Ratio (%)	62	NA
Maximum Drawdown-Peak to Trough (%)	11.6	12.2
Length of Drawdown (months)	4	3
Recovery from Maximum Drawdown (%)	95.8	67.8

Top Holdings

Name	Sector	(%)
Tawuniya	Financials	6.8
SAMBA Financial	Financials	4.6
Saudi Basic Industries	Materials	4.0

Risk Statistics (last 3 years)

Standard Deviation (%)	9.7
Sharpe Ratio	2.1
Tracking Error (%)	3.8
Information Ratio	1.7
Alpha (%)	7.8
Beta	0.9

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