

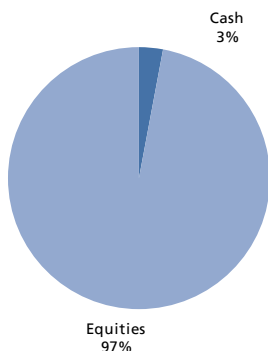
Manager's Commentary

The GCC markets as measured by S&P GCC Index increased by approximately 3% in December. The gains were primarily driven by positive performance of Saudi and Omani markets both of which increased by 5.1% during the month. The positive performance of the Saudi market is attributable to the expectations of relaxation in foreign ownership requirements and market exuberance over the Saudi 2012 budget. The rest of the GCC markets declined in the range of 1-2%. Despite the Eurozone debt crisis and the Arab Spring, which affected the performance of the regional and international markets, the Saudi market ended the year only with 2% decline on a year on year basis.

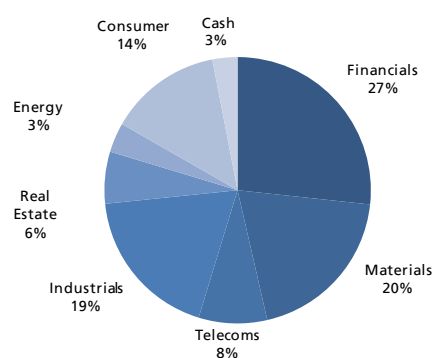
The returns for the Saudi market were result of a broad based rally, in anticipation of budget. The overall budgeted spending is 19% higher than 2011. The increase in spending targeted towards education and training (24%) and infrastructure & related sectors (17.5%). The budget spending is a positive development for various industrial companies in the KSA, which bounced in anticipation of the news.

The NAV of your fund appreciated by 5.1% inline with the increase in the benchmark. While the fund didn't have some of the industrial companies which increased substantially, the fund benefited from its defensive investments. Moving forward, increased budgetary spending coupled with relaxation of regulations for foreign ownership bodes well for the Saudi market in 2012. Therefore, we have positioned the portfolio in a manner that will benefit from these triggers.

Asset Allocation



Sector Allocation



Key Statistics

	Fund	Index
Price to Earnings Multiple TTM (x)	11.2	12.5
Price to Book Multiple Latest (x)	2.6	1.8
Return on Equity TTM (%)	23.3	14.7
Dividend Yield—2010 (%)	4.3	3.8
Number of Holdings	25	145
Annualized Return (%)	NA	NA
Annualized Standard Deviation (%)	13.5	16.5
Largest Monthly Gain (%)	7.6 (Mar 11)	10.5 (Mar 11)
Largest Monthly Loss (%)	-6.5 (Aug 11)	-6.5 (Aug 11)
% Positive Months (%)	40	50
Maximum Drawdown-Peak to Trough (%)	NA	NA
Length of Drawdown (months)	NA	NA
Recovery from recent trough	NA	NA

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	Tadawul
December 2011	5.1	5.1
YTD 2011 (Feb – Dec)	0.4	0.9
Last 3 Months	4.2	5.0
Last 6 Months	-1.9	-2.4
Last 1 Year	NA	NA
Last 3 Years	NA	NA
Last 5 Years	NA	NA
Since Inception (Feb 11— Dec 11)	0.4	0.9

Fund Information

Launch Date	February 2011
Management Fee	1.5%
Performance Fee	None
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	(%)
Ethihad Etisalat	Telecoms	8.1
Saudi Basic Industries	Materials	6.6
Jarir	Consumer	5.8

Risk Statistics

Standard Deviation (%)	13.5
Sharpe Ratio	-0.3
Tracking Error (%)	4.5
Information Ratio	-0.1
Alpha (%)	-1.3
Beta	0.8

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