

Manager's Commentary

The Saudi market witnessed profit taking in September following two very strong positive monthly gains. The market held firm during the first half of the month but corrected post the announcement that the National Commercial Bank (NCB) IPO will be conducted earlier than initially expected with an estimated size of US\$6bn. This coupled with the drop in oil prices and long Eid Holidays triggered retail selling across most sectors. The market ended with a decline of 2.3% and was the worst affected GCC bourse. Within the market, the banking sector, which rallied significantly during the previous two months, bore the brunt of the selling pressure. A new regulation capping the fees charged on personal loans was introduced that further accelerated the profit taking exercise. As a result, the overall banking sector index fell 5.5%, led by stocks such as Riyadh Bank (-9.5%), Al Rajhi Bank (-8.2%) and SAMBA (-6%).

In such a backdrop, the NAV of the fund declined by 1.4% as compared to a 2.3% fall in the market. Although the fund had a large exposure to banks and petrochemicals, the outperformance mainly stemmed from its active bets from the insurance, health care and consumer sectors. Stocks such as Tawuniya and BUPA Arabia were the top contributors that appreciated by 26% and 10%, respectively on the back of optimism on their third quarter earnings. On a year to date basis, the fund's return remains healthy and is up 34.5% for the year.

The Saudi market has fallen in October thus far and is expected to remain volatile during the short term given the sharp drop in oil prices and fall in global equities. In addition, the NCB IPO will also weigh on the market. Nevertheless, we consider this retreat in the markets to be healthy and intend to capitalize on this opportunity by increasing our exposure in stocks we deem are fundamentally attractive. Our strategy is to remain focused on identifying good quality businesses, with strong medium to long term outlook.

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.

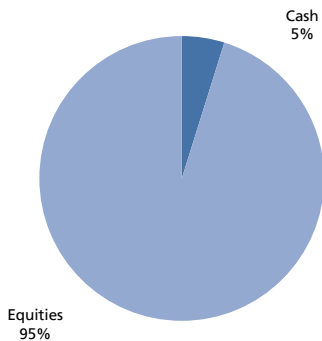
Returns (%)	Fund	Index*
September 2014	-1.4	-2.3
YTD 2014 (Jan—Sep)	34.5	27.2
2013	33.1	25.5
2012	8.7	6.0
2011 (Feb – Dec)	0.4	0.9
Last 3 Months	17.1	14.1
Last 6 Months	19.4	14.6
Last 1 Year	40.0	36.3
Last 3 Years	102.8	77.6
Last 5 Years	NA	NA
Since Inception (Feb 11— Sep 14)	95.3	70.7

*Saudi Stock Exchange Index

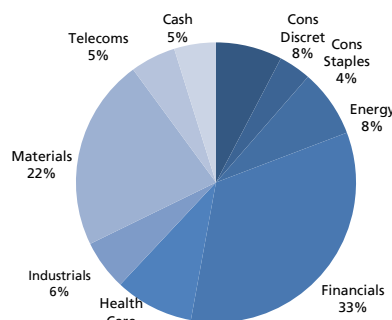
Fund Information

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)	17.4	17.6
Price to Book Multiple Latest (x)	3.6	2.4
Return on Equity TTM (%)	17.0	13.7
Dividend Yield—2013 (%)	1.9	2.9
Number of Holdings	39	145
Annualized Return (%) - Last 3 years	26.6	21.1
Annualized Standard Deviation (%) - Last 3 years	9.7	9.9
Largest Monthly Gain (%)	8.0 (Jul 14)	10.5 (Mar 11)
Largest Monthly Loss (%)	-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 (%)	106.3	81.5

Top Holdings

Name	Sector	(%)
SABIC	Materials	6.5
Tawuniya	Financials	6.1
SAMBA Financial	Financials	4.7

Risk Statistics (last 3 years)

Standard Deviation (%)	9.7
Sharpe Ratio	2.4
Tracking Error (%)	3.8
Information Ratio	1.4
Alpha (%)	7.1
Beta	0.9

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