

Manager's Commentary

The Saudi market continued to post gains and appreciated by 2.5% in May, This was the tenth consecutive monthly gain during which the Tadawul Index has increased by 26.5%. Investor activity continued to increase and the value traded reached close to the US\$3.5bn mark on some trading days - the highest seen this year. The positive momentum experienced in Saudi was on the back of a general wave of optimism across the region as all other GCC markets also posted positive returns. However, the increase in the Saudi market was more stable unlike the Dubai market, which fell by over 13% in four trading sessions, only to recover towards the end of the month.

Within the overall market the banking sector, which was relatively subdued till now, appreciated by 5% in May as selected stocks rose in the range of 5-10%. This was on the back of the latest numbers released by SAMA that depict a 40% YoY increase in the profitability of the banking sector for April 2014. In addition, the real estate index continued to surge and gained 5.5% in May, extending its return to close to 50% for the year. Within this segment, Jabal Omer (+7.5%) was the notable performer as retail interest continued to be seen despite valuations being extremely expensive.

The NAV of the fund increased by 2.4% for the month and extended its gains for the year to 17.9%. During the month, the fund benefited from our core holdings within the insurance, health care and petrochemical sectors. We expect the Saudi market to consolidate at these levels in the short term, which will give us an opportunity to rebalance the fund. Our strategy is to reduce exposure to stocks that offer limited upside and position the fund ahead of second quarter earnings announcements.

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.

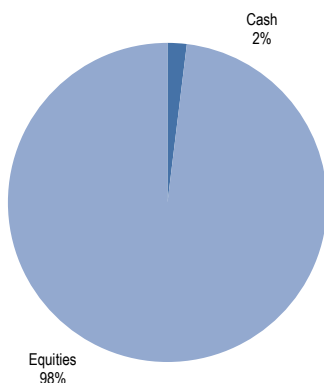
Returns (%)	Fund	Index*
May 2014	2.4	2.5
YTD 2014 (Jan—May)	17.9	15.1
2013	33.1	25.5
2012	8.7	6.0
2011 (Feb – Dec)	0.4	0.9
Last 3 Months	8.5	7.9
Last 6 Months	20.8	18.0
Last 1 Year	32.4	32.7
Last 3 Years	63.9	45.8
Last 5 Years	NA	NA
Since Inception (Feb 11— May 14)	71.2	54.5

*Saudi Stock Exchange Index

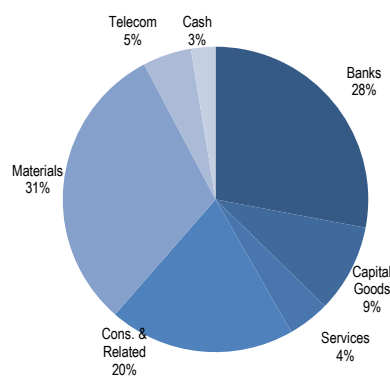
Fund Information

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)	18.0	18.0
Price to Book Multiple Latest (x)	3.6	2.4
Return on Equity TTM (%)	18.7	13.1
Dividend Yield—2013 (%)	2.5	3.0
Number of Holdings	37	145
Annualized Return (%) - Last 3 years	17.9	13.4
Annualized Standard Deviation (%) - Last 3 years	11.2	12.8
Largest Monthly Gain (%)	7.6 (Mar 11)	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 (%)	80.8	64.3

Top Holdings

Name	Sector	(%)
SABIC	Materials	7.2
BUPA Arabia	Financials	5.1
Al Rajhi Bank	Financials	4.0

Risk Statistics (last 3 years)

Standard Deviation (%)	11.2
Sharpe Ratio	1.3
Tracking Error (%)	4.4
Information Ratio	1.0
Alpha (%)	6.7
Beta	0.8

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