

Manager's Commentary

The Saudi market declined by 2.7% and lagged other regional bourses. Given the holiday season and lack of catalysts, the traded value shrank considerably and resulted in exaggerated selling across certain stocks. Heightened geo-political environment coupled with a challenging macroeconomic condition weighed on investor sentiment. During the month, the index breached the psychological barrier of 6,000 points but managed to close above it by the month end. Other markets were down in the range of 1-2%, while Qatar continued to rise on the back of continued flows ahead of the FTSE inclusion scheduled for mid-September.

The fund declined by 2% in August and managed to outperform the benchmark that was down 2.7%. The fund's cash allocation provided some cushion along with having exposure to certain holdings that appreciated in an overall declining market. However, our core holdings especially from the healthcare and consumer sectors witnessed profit taking with stocks declining close to 10%. Despite the healthcare sector reporting decent earnings growth, investor are getting increasingly worried about the delays in payments that certain hospital providers are facing from the Government.

We continued deploying the cash that we had when the market breached 6,000 points in holdings that we expect would outperform given the overall weak macroeconomic environment. We were encouraged by the margin expansions reported by most Saudi based financials; however we are reticent to increase our existing investments in Saudi banks despite attractive valuation because of the risk of significant delinquencies in the building and contracting sector in the Kingdom. Even within the consumer sector, we remain very selective as we believe the investment community is continuing to overestimate the future earnings of the consumer companies.

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.

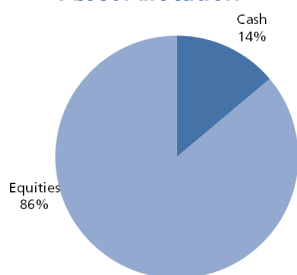
Returns (%)	Fund	Index*
August 2016	-2.0	-2.7
YTD (July 2016)	-8.0	-8.1
2015	-5.5	-14.3
2014	8.9	-2.1
2013	33.1	29.3
2012	8.7	9.3
Last 3 Months	-3.5	-4.2
Last 6 Months	3.5	3.9
Last 1 Year	-12.5	-15.3
Last 3 Years	-0.4	-14.9
Last 5 Years	45.3	16.3
Since Inception (Feb 11— Aug 16)	37.3	13.0

*S&P Saudi Total Return Index

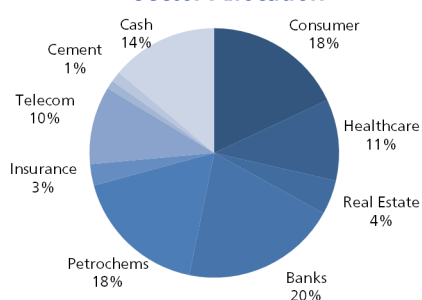
Fund Information

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

Asset Allocation



Sector Allocation



Key Statistics

	Fund	Index
Price to Earnings Multiple TTM (x)	15.1	14.2
Price to Book Multiple Latest (x)	1.7	1.4
Return on Equity TTM (%)	11.4	10.0
Dividend Yield—2015 (%)	3.8	3.8
Number of Holdings	30	107
Annualized Return (%) - Last 5 years	7.7	3.1
Annualized Standard Deviation (%) - Last 5 years	17.0	20.1
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	58
Success Ratio (%) - Last 5 years	59	NA
Latest Drawdown-Peak to Trough (%)	-33.2	-45.1
Duration of Drawdown (months)	17mths (Aug 14 to Jan 16)	17mths (Aug 14 to Jan 16)
Recovery from Latest Drawdown (%)	3.8 (Feb 16 to Aug 16)	6.0 (Feb 16 to Aug 16)

Top Holdings

Name	Sector	(%)
Al Rajhi Bank	Financials	7.2
Saudi Basic Industries	Petrochems	7.0
Mouwasat Medical	Healthcare	6.2

Risk Statistics (last 5 years)

Standard Deviation (%)	17.0
Sharpe Ratio	0.3
Tracking Error (%)	5.1
Information Ratio	0.9
Alpha (%)	4.7
Beta	0.8

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Securities & Investment Company BSC (c)
 P.O. Box 1331, Manama, Kingdom of Bahrain
 Tel: +973 1751 5000 Fax: +973 1751 4000
 CR No: 33469
www.sicobahrain.com

شركة الأوراق المالية والاستثمار ش.م.ب (م)
 ص.ب: 1331، المنامة، مملكة البحرين
 هاتف: +973 1751 5000 فاكس: +973 1751 4000
 سجل تجاري رقم 33469

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