

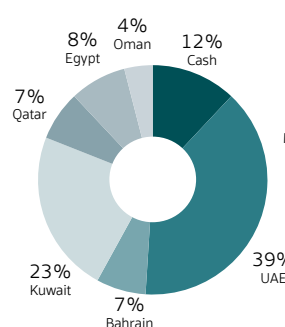
## Managers Commentary

The regional markets witnessed profit taking during May and posted marginal declines. Dubai once again felt the brunt of the selling pressure and dropped 3.3%, extending its year to date loss to 12%. Other bourses were down in the range of 2-3%. Although the overall Qatari market was down 2.5%, large caps, especially Qatar National Bank fared well (+5%) ahead of large passive flows that materialized at the end of the month.

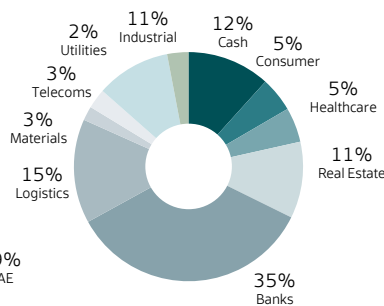
The value of the fund declined by 2.6% and underperformed the benchmark. This was primarily to the 10% decline in the Egyptian market, an off benchmark exposure that we have taken. The market experienced an aggressive selloff on volatility seen in the Emerging Markets which had a trickle down impact on the Egyptian market. Despite this fall, we remain confident on the prospects on the Egyptian market over the medium to long term. In addition some of our core holdings such as Humansoft dropped 10% on extremely low volumes that affected the fund performance.

During the month, we took advantage of the upbeat tone of the Qatari market and substantially reduced our exposure. Valuations of the blue chips are rich and we expect the current euphoria to fade out once the second tranche of passive flows occur on June 14. With the current cash in the fund, we look to invest in the UAE and Kuwait as we believe these markets offer better risk reward matrices and should fare well during the rest of the year.

## Asset Allocation



## Sector Allocation



Key Statistics	Fund	Index
Price to Earnings Multiple TTM (x)	11.2	12.5
Price to Book Multiple Latest (x)	1.1	1.3
Return on Equity TTM (%)	9.6	10.8
Dividend Yield—2016 (%)	4.1	5.1
Number of Holdings	22	154
Annualized Return (%) - Last 5 years	3.7	2.5
Annualized Standard Deviation (%) - Last 5 years	12.7	15.4
Largest Monthly Gain (%) - Last 5 years	9.0 (Apr 15)	9.3 (Jul 14)
Largest Monthly Loss (%) - Last 5 years	-9.1 (Jun 14)	-13.6 (Jun 14)
% Positive Months (%)	57	51
Success Ratio (%) - Last 5 years	57	NA
Latest Drawdown-Peak to Trough (%)	-20.3	-33.0
Duration of Drawdown (months)	17mths (Aug 14 to Jan 15)	21mths (May 14 to Jan 15)
Recovery from Latest Drawdown (%)	15.4	24.3

## 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 on the stock markets of the GCC countries excluding Saudi Arabia.

Returns (%)	Fund	Index
May-18	-2.6	-1.7
YTD (May 2018)	2.7	3.0
2017	2.7	-0.1
2016	0.0	9.2
2015	1.8	-14.3
2014	4.2	6.8
Last 3 months	0.4	0.6
Last 6 months	2.1	6.4
Last 1 year	1.1	-0.3
Last 3 years	-2.4	-2.6
Last 5 years	19.8	13.1
Since Inception (Feb 11— May 18)	60.4	-8.0

\* S&P GCC ex Saudi Total Return Index

## Fund Information

Launch Date	March 2006
Management Fee	1.50%
Subscription & Redemption	Weekly
Dealing Day	Wednesday
Subscription & Redemption Deadline	Two business days before dealing day
Minimum Subscription	USD 100,000
Bloomberg Code	SICGULF BI
Zawya Code	SICOGEF.MF
Fund ISIN Code	BH000A1CZ855
Custodian/Administrator	HSBC Bahrain

## Top Holdings

Name	Sector	(%)
National Bank of Kuwait	Kuwait	9.0
DP World	UAE	7.8
Aramex	UAE	6.9

## Top Risk Statistics (last 5 years)

Standard Deviation (%)	12.7
Sharpe Ratio	0.1
Tracking Error (%)	6.3
Information Ratio	0.2
Alpha (%)	1.1
Beta	0.8

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