

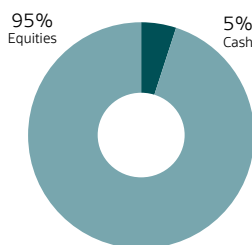
Managers Commentary

The Saudi market ended the year on a positive tone and the index rose 1.6% in December. This came on the backdrop of a sharp decline in international markets given concerns of an economic slowdown and heightened fears of trade wars. The Saudi market was aided by the rise in selected banks that continue to attract investor interest. Riyadh Bank rose 13% after announcing talks of a merger with NCB, while higher dividends announcements by most other banks led to a recovery within this sector. The Tadawul index ended the year with 8.3% return while the S&P Index rose 12.4%.

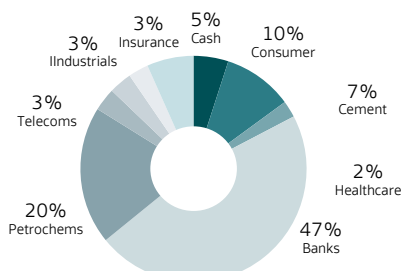
Your fund appreciated by 1.5% in December and ended the year with a 22.6% return, making it the best performing Saudi fund in the region. The fund outperformed its benchmark by over 10% mainly due to superior stock selection from the consumer and petrochemical sectors with our core holdings such as United Electronics (+52%), Jarir Marketing (+45%) and SIIG (+37%) being amongst the top contributors. In addition, we did not alter our strategy during the volatility experienced during the fourth quarter but stayed disciplined which helped preserve the returns.

As we embark on a new year, the main positive catalyst remains the entry of Saudi Arabia into the Emerging Market indices which is expected to see regular inflows by foreign passive managers. We are not influenced too much by this theme but are primarily concentrating our efforts on identifying companies that would grow in this environment. With close to half of the fund in financials, we are confident that Saudi banks will continue to outperform given expectations of decent earnings growth and higher dividend distributions. In addition, we have invested in companies which we believe were unduly penalized during 2018 and should rebound during the course of the year.

Asset Allocation



Sector Allocation



Key Statistics	Fund	Index
Price to Earnings Multiple TTM (x)	16.7	16.7
Price to Book Multiple Latest (x)	1.9	1.7
Return on Equity TTM (%)	11.7	10.3
Dividend Yield—2017 (%)	3.9	3.6
Number of Holdings	29	107
Annualized Return (%) - Last 5 years	6.5	1.3
Annualized Standard Deviation (%) - Last 5 years	17.7	20.9
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 (%) - Last 5 years	57	57
Success Ratio (%) - Last 5 years	60	NA
Latest Drawdown-Peak to Trough (%)	-35.4	-46.2
Duration of Drawdown (months)	25mths (Aug 14 to Sep 16)	25mths (Aug 14 to Sep 16)
Recovery from Latest Drawdown (%)	55.9	49.7

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
Dec-18	1.5	1.6
2018	22.6	12.4
2017	7.2	3.8
2016	1.6	9.0
2015	-5.5	-14.3
2014	8.9	-2.1
Last 3 months	0.2	-2.4
Last 6 months	-2.1	-5.0
Last 1 year	22.6	12.4
Last 3 years	33.5	27.1
Last 5 years	37.3	6.6
Since Inception (Feb 11— Dec 18)	99.4	56.3

* S&P Saudi Total Return Index

Fund Information

Launch Date	February 2011
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	SICOKEF BI Equity
Zawya Code	SICOKEQ.MF
Fund ISIN Code	BH00016X01BO
Custodian/Administrator	HSBC Bahrain

Top Holdings

Name	Sector	(%)
Al Rajhi Bank	Banks	16.1
Saudi Basic Industries	Petrochemical	10.8
National Commercial Bank	Banks	9.4

Top Risk Statistics (last 5 years)

Standard Deviation (%)	17.7
Sharpe Ratio	0.2
Tracking Error (%)	5.7
Information Ratio	0.9
Alpha (%)	5.0
Beta	0.8

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