

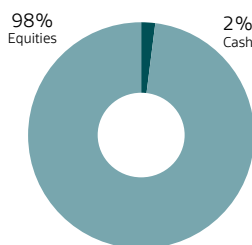
Managers Commentary

After two months of positive returns which saw the Saudi index rise over 11%, the Saudi market consolidated in February and posted a marginal negative return (-0.7%). Interestingly, although there were net foreign inflows of around US\$700m in February, the market was well supplied by local mutual funds that were the main sellers during the month. Other regional markets also witnessed profit taking with Qatar finally retreating 4%. After a prolonged downward trend, Dubai saw some recovery owing to a rise in the real estate names that resulted in Dubai rising 2.7%.

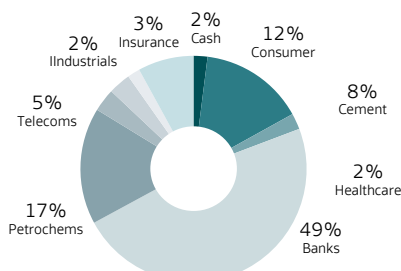
SICO Kingdom Equity Fund declined by 1% in February and marginally underperformed the benchmark that retreated 0.6%. The banking sector witnessed some profit taking after a stellar run that impacted the fund's performance with investments such as Arab National (-7%) and Bank Saudi Fransi (-3%) contributing to the negative returns. For the year, the fund is up 7.8% marginally behind the benchmark that is up 9%.

We met corporates of several Saudi companies recently that has helped reaffirm our views. Although the Saudi banking sector has significantly rerated over the last two years, we still remain positive given more optimistic outlook on loan growth in general and mortgage lending in particular. Similarly, within the petrochemical sector space, we have identified a few investments which are currently being ignored and hence are trading at depressed valuations. We intend to finalize these new investments into the fund over the coming weeks and continue to maintain a balanced portfolio focusing on the large caps but at the same time having some exposure to the small to mid-cap segment of the market which is starting to gain traction.

Asset Allocation



Sector Allocation



Key Statistics	Fund	Index
Price to Earnings Multiple TTM (x)	19.9	18.2
Price to Book Multiple Latest (x)	2.1	1.9
Return on Equity TTM (%)	10.3	10.4
Dividend Yield—2017 (%)	3.4	3.4
Number of Holdings	26	107
Annualized Return (%) - Last 5 years	6.4	1.8
Annualized Standard Deviation (%) - Last 5 years	18	21.2
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	53	53
Success Ratio (%) - Last 5 years	59	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 (%)	68.0	63.3

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 in Saudi Arabia.

Returns (%)	Fund	Index
Feb-19	-1.1	-0.6
2019 (Jan - Feb)	7.8	9.0
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	9.4	10.7
Last 6 months	9.5	7.4
Last 1 year	21.3	19.3
Last 3 years	61.9	56.8
Last 5 years	36.2	9.2
Since Inception (Feb 11— Feb 19)	114.8	70.4

* 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	16.0
Saudi Basic Industries	Petrochemical	10.5
National Commercial Bank	Banks	9.5

Top Risk Statistics (last 5 years)

Standard Deviation (%)	18.0
Sharpe Ratio	0.2
Tracking Error (%)	5.7
Information Ratio	0.8
Alpha (%)	4.4
Beta	0.8

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