

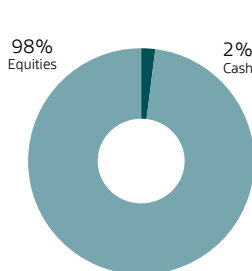
## Managers Commentary

The Saudi market started the year on an exceptionally strong note and the index appreciated by close to 10%. This came on the back of large foreign inflows to the tune of US\$1.2bn ahead of the inclusion in the MSCI and FTSE Emerging Market Indices. Just to put this into perspective, the January inflow is half of the foreign inflow experienced during the preceding twelve months. Al Rajhi Bank and SAMBA were amongst the top performers as both rose 15% on the back of inflows seen in both companies. In addition, positive announcements regarding mega projects resulted in a sharp rebound in the industrial and cement sectors, both of which have considerably lagged for a considerable length of time.

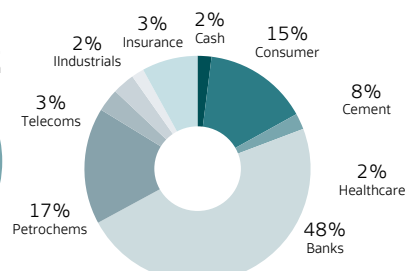
Your fund rose 9% in January and largely performed in line with the benchmark. The fund benefited from the continued rise of stocks from within the Saudi banking sector, which we have considerable exposure to. In addition, the sharp rally in the Saudi cement sector also benefited the fund given that we had built some exposure during the fourth quarter of 2018.

Given the trend seen thus far, it is pretty evident that investors are ignoring the result announcements and are looking ahead to the much awaited start of the rebalancing dates that is expected to commence in March with the first tranche of FTSE related flows. In such an environment, although we are cognizant that valuations seem rich at the current levels, we intend to remain fully invested as the positive momentum should continue in the coming months. We continue to maintain a balanced portfolio with a focus on large caps but have also invested in quality companies which may not necessary benefit from the expected flows from the consumer and insurance sectors.

## Asset Allocation



## Sector Allocation



Key Statistics	Fund	Index
Price to Earnings Multiple TTM (x)	20.2	18.2
Price to Book Multiple Latest (x)	2.1	1.9
Return on Equity TTM (%)	10.9	10.3
Dividend Yield—2017 (%)	3.4	3.4
Number of Holdings	27	107
Annualized Return (%) - Last 5 years	7.7	2.7
Annualized Standard Deviation (%) - Last 5 years	18.1	21.3
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	55	55
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 (%)	69.9	64.2

This report should not be considered an offer to sell, or a solicitation to buy, shares mentioned herein. Past performance is no indication of future results. Fund historical performance does not promise the same or similar results in the future. Principal value, share prices and investment returns fluctuate with changes in market conditions. The information contained herein has been compiled from sources believed to be reliable; however SICO BSC(c) does not guarantee its accuracy or completeness. Opinions, forecasts and estimates constitute our judgment as of the date of this report and are subject to change without notice. This report is not a solicitation of an order to buy or sell securities or to provide investment advice or service. SICO or its affiliates may from time to time engage in long or short positions in the securities mentioned herein. SICO or its affiliates may act as principal, agent or market maker or provide other services to the issuers of securities mentioned herein. This report is provided for information purposes only and may not be copied or distributed to any other person without the prior written consent of SICO. SICO BSC(c) claims compliance with the Global Investment Performance Standards (GIPS®). SICO BSC(c) is a closed joint stock company registered in Bahrain and operates a wholesale banking license from the Central Bank of Bahrain. The company is registered with the Ministry of Industry and Commerce and is listed on the Bahrain Stock Exchange as a closed company. To receive a list of composite descriptions and/or a presentation that complies with the GIPS standards, write to [assetmanagement@sicobank.com](mailto:assetmanagement@sicobank.com), or call 973 17 515000.

SICO BSC(c) P.O. Box 1331, BMB Centre, Diplomatic Area, Manama, Kingdom of Bahrain, T: +973 1751 5000, F: +973 1751 4000. Licensed as a conventional wholesale bank by the CBB. [sicobank.com](http://sicobank.com)

## 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
Jan-19	9.0	9.7
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	8.7	8.4
Last 6 months	7.1	3.8
Last 1 year	21.6	16.6
Last 3 years	64.2	60.9
Last 5 years	44.7	14.2
Since Inception (Feb 11— Jan 19)	117.3	71.4

\* 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	9.3

## Top Risk Statistics (last 5 years)

Standard Deviation (%)	18.1
Sharpe Ratio	0.3
Tracking Error (%)	5.7
Information Ratio	0.9
Alpha (%)	4.9
Beta	0.8