

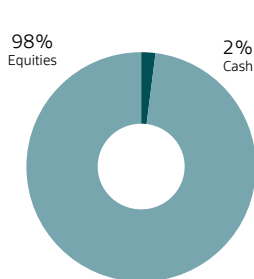
Managers Commentary

In October, the Saudi market witnessed significant volatility on account of weakness in global equity markets and geopolitical factors. At one point in time, the benchmark TASI declined to the lowest point since the start of the year to reach 7,266 points, representing a month to date decline of 9.2%. However, the market swiftly recovered to end the month with a decline of only 1.2%. Although foreigners aggressively sold, a sharp pick up in Saudi Institutional buying to the tune of US\$3.5bn – highest on record - supported the market with large caps leading the recovery.

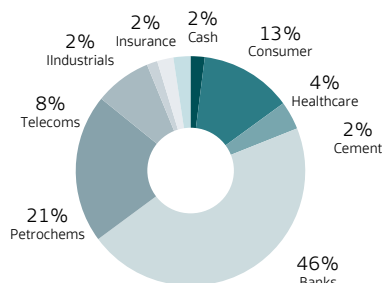
The fund appreciated by 0.5% in October compared to a decline of 1.2% in the benchmark. The portfolio's tilt towards the large caps aided in the outperformance given the sharp recovery seen in most large caps especially from the banking and petrochemical sectors. In addition, the rise in our consumer sector exposure, Jarir and Extra continued to attract interest based on their decent results and positive outlook communicated for the coming year.

For the year, the return of the fund is above 20% which we are looking to preserve for the coming two months. Hence, we are taking a more defensive approach to the portfolio by reducing allocations to certain active bets. Although, we are positive on the prospects of the Saudi market for 2019 given the regular intervals of passive flows, we expect some consolidation during the short term. We would also like to mention that during October the fund distributed dividends of \$0.7/unit to our unit-holders with the intention to provide our unit holders a regular income stream.

Asset Allocation



Sector Allocation



Key Statistics	Fund	Index
Price to Earnings Multiple TTM (x)	16.6	16.3
Price to Book Multiple Latest (x)	1.9	1.8
Return on Equity TTM (%)	11.3	10.8
Dividend Yield—2017 (%)	3.6	3.6
Number of Holdings	29	107
Annualized Return (%) - Last 5 years	7.6	2.8
Annualized Standard Deviation (%) - Last 5 years	17.6	20.7
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 (%)	59	60
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 (%)	56.3	51.6

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
Oct-18	0.5	-1.2
YTD (Oct 2018)	22.9	13.8
2017	7.2	3.8
2016	1.6	9.0
2015	-5.5	-14.3
2014	8.9	-2.1
Last 3 months	-1.4	-1.2
Last 6 months	1.0	-1.6
Last 1 year	26.8	19.0
Last 3 years	29.4	24.7
Last 5 years	44.4	14.9
Since Inception (Feb 11— Oct 18)	99.9	58.2

* 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	13.0
National Commercial Bank	Banks	7.1
Saudi Basic Industries	Petrochemicals	7.0

Top Risk Statistics (last 5 years)

Standard Deviation (%)	17.6
Sharpe Ratio	0.3
Tracking Error (%)	5.8
Information Ratio	0.8
Alpha (%)	4.8
Beta	0.8

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