

Manager's Commentary

The regional markets started the year on a positive tone and posted healthy gains. Saudi Arabia was no exception and appreciated close to 6% on the back of a rally in the large caps. Substantial foreign inflows to the tune of over US\$700m spurred the large caps such as Al Rajhi Bank (+15%) which saw the lion's share of the flows. Other companies from within the banking and petrochemical sectors also followed suit.

Your fund appreciated by nearly 10% in January and experienced one of its best months. The fund significantly outperformed its benchmark mainly due to the sharp increase in our investments from the Saudi motor insurance sector. Stocks such as Salama (+15%) and AL Rajhi Takaful (+12%) were amongst the top gainers and contributed to the overall positive performance of the portfolio. In addition, our large allocation to stock within the petrochemical and healthcare sectors started to pay as our core investments from these sectors rose 10-15%.

We continue to see upside in our core investments and hence do not anticipate to make major changes. The underlying themes remain the same: focus on large caps based on the MSCI related developments, maintain exposure to the banking sector which trades at a substantial discount and stay invested in the insurance and healthcare segments.

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 18	9.8	5.7
2017	7.2	3.8
2016	1.6	9.0
2015	-5.5	-14.3
2014	8.9	-2.1
2013	33.1	29.3
Last 3 Months	13.3	10.6
Last 6 Months	12.8	8.5
Last 1 Year	16.9	11.0
Last 3 Years	5.4	-3.7
Last 5 Years	56.8	25.4
Since Inception (Feb 11 - Jan 18)	78.6	47.0

*S&P Saudi Total Return Index

Fund Information

Launch Date	February 2011
Management Fee	1.5%
Subscription & Redemption	Weekly
Dealing Day	Wednesday
Subscription & Redemption Dead-line	Two Business days before dealing day
Minimum Subscription	USD 100,000
Bloomberg Code	SICOKEF BI Equity
Zawya Code	SICOKEQ.MF
Fund ISIN Code	BH00016X01B0
Custodian / Administrator	HSBC Bahrain

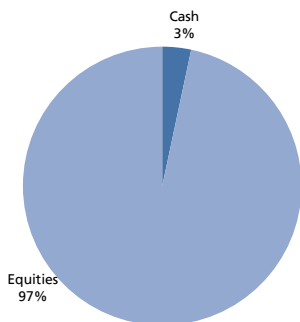
Top Holdings

Name	Sector	(%)
Al Rajhi Bank	Banks	9.6
National Commercial Bank	Banks	8.9
Saudi Industrial Investment	Petrochem	6.5

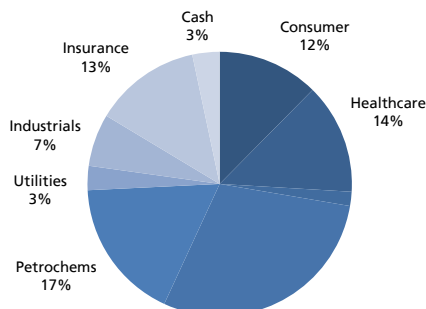
Risk Statistics (last 5 years)

Standard Deviation (%)	17.7
Sharpe Ratio	0.4
Tracking Error (%)	5.9
Information Ratio	0.8
Alpha (%)	5.1
Beta	0.8

Asset Allocation



Sector Allocation



Key Statistics

	Fund	Index
Price to Earnings Multiple TTM (x)	15.5	17.5
Price to Book Multiple Latest (x)	2.0	1.7
Return on Equity TTM (%)	13.4	9.6
Dividend Yield—2017 (%)	2.5	3.2
Number of Holdings	25	107
Annualized Return (%) - Last 5 years	9.4	4.6
Annualized Standard Deviation (%) - Last 5 years	17.7	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 (%)	58	58
Success Ratio (%) - Last 5 years	61	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 (%)	39.7	40.9

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بنك استثماري sico
Investment Bank

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