

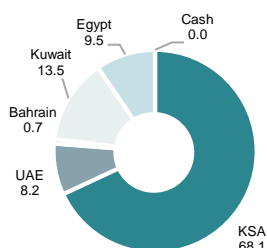
Managers Commentary

The main highlights for the month of June were the upgrade of Saudi Arabia and the shortlisting of Kuwait to the MSCI Emerging markets index. We estimate the Saudi market to attract approximately USD 30bn of passive and active inflows as a result of the upgrade. The Saudi market ended up 1.7% for the month while the Kuwaiti market was up by 3.9%. The UAE market(-2.4%) continued to underperform during the month. However, unlike the prior months, declines were driven by small caps, whereas large caps such as Emaar, Aramex, DP World ended the month in the positive territory.

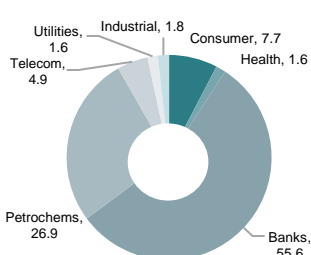
Your portfolio was up 3.2% during the month whereas the benchmark was only up by 1.2%. The outperformance was mainly driven by investments in Zain Group (+15.8%), Samba (+12.1%) and Saudi Kayan (+11.3%). Zain has been a relative underperformer this year mainly due to local selling, however, the share rallied in the last week of June as regional investors built exposure in the stock in anticipation of the FTSE upgrade in September and December. The increase in SAMBA's share price was largely attributable to foreign buying and Saudi Kayan's increase was mainly due to the increase in polycarbonate prices.

While the MSCI upgrade of Saudi Arabia to the Emerging Markets index was widely anticipated, the shortlisting of Kuwait to be upgraded in 2019 was not expected by the majority of investors. What was even more surprising to us was the muted market reaction in Kuwait subsequent to the announcement. The day following the announcement, the Kuwait premier market index declined by 0.5% and continued to remain flat for the subsequent 5 trading days. This underscored the negative investor sentiment prevalent in the Kuwaiti market despite a number of positive headwinds. We capitalized on the lukewarm market reaction to further increase our allocation to Kuwait.

Asset Allocation %



Sector Allocation %



Key Statistics	Fund	Index
Price to Earnings Multiple TTM (x)	13.5	15.6
Price to Book Multiple Latest (x)	1.7	1.6
Return on Equity TTM (%)	12.8	10.5
Dividend Yield—2015 (%)	3.3	3.6
Number of Holdings	35	300
Annualized Return (%) - Last 5 years	7.4	4.7
Annualized Standard Deviation (%) - Last 5 years	13.6	14.8
Largest Monthly Gain (%) - Last 5 years	12.0	11.2
Largest Monthly Loss (%) - Last 5 years	-12.9	-13.0
% Positive Months (%)	59.1	56.1
Success Ratio (%) - Last 5 years	51	
Latest Drawdown-Peak to Trough (%)	-29.9	-40.2
Duration of Drawdown (months)	25mths (Aug 14 to Sep 16)	25mths (Aug 14 to Sep 16)
Recovery from Latest Drawdown (%)	48.7	42.2

Investment Objective

The Fund seeks long-term capital appreciation by investing principally in equity securities listed on the stock markets of GCC countries.

Returns (%)	Fund	Index
June 2018'	3.2	1.2
YTD (June 2018)	16.5	13.4
2017	7.6	3.3
2016	5.8	8.5
2015	-6.2	-14.6
2014	4.7	0.6
Last 3 months	6.1	5.2
Last 6 months	16.5	13.4
Last 1 year	19.7	13.0
Last 3 years	9.8	2.0
Last 5 years	42.7	25.9
Since Inception (Mar 04— June 18)	262.3	152.2

*S&P GCC Total Return Index

Fund Information

Launch Date	Mar-04
Management Fee	1.50%
Performance	10% over 10%
Subscription & Redemption	Weekly
Dealing Day	Thursday
Subscription & Redemption Deadline	Two business days before dealing day
Minimum Subscription	100,000
Bloomberg Code	KHALEYQY BI Equity
Fund ISIN Code	BH000A1CZ8W7
Custodian/Administrator	HSBC / Apex Fund Services

Top Holdings

Name	Sector	(%)
Al Rajhi Bank	Banks	10.0
Sabic	Petrochemical	7.6
SAMBA	Banks	7.0

Top Risk Statistics (last 5 years)

Standard Deviation (%)	13.6
Sharpe Ratio	0.3
Tracking Error (%)	4.5
Information Ratio	0.6
Alpha (%)	2.9
Beta	0.9

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 believe 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 asset management@sicobahrain.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