

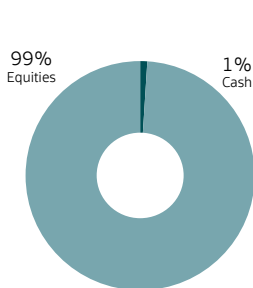
## Managers Commentary

The Saudi market witnessed increased volatility during September. During the first half, the market declined on the back of a broader emerging market sell-off but recovered towards the end. For the month, the index closed up close to 1% owing primarily to a 1.3% rise during the last trading day. Other markets also witnessed subdued activity and closed sideways.

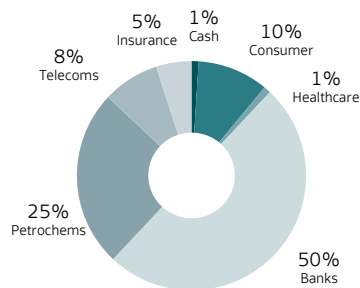
The value of the fund appreciated by 1.4% in September and outperformed the benchmark. The fund primarily benefited from the rise in our selected holdings. We increased our exposure to SAMBA mainly due to its attractive valuations that started to pay off as its share price rose 10%. Similarly, SAFCO, a position which was underperforming, was one of the best performing stocks (+17%) as the recovery in Urea prices excited investors, anticipating a strong rebound in its earnings.

During the month, we increased our allocation to the banking sector given the relatively attractive multiples that banks trade at. The Saudi banking sector is one of the main beneficiaries of the rise in global interest rates due to the sizeable non-interest bearing deposits. Banks and petrochemicals comprise of bulk of the fund's exposure hence these should be the main drivers of returns. Volatility of the Saudi market has increased substantially during the first half of October on the back of the recent political developments. Rather than making drastic asset allocation calls, we would rather focus on maintaining investments within our favored sectors.

## Asset Allocation



## Sector Allocation



Key Statistics	Fund	Index
Price to Earnings Multiple TTM (x)	15.4	16.9
Price to Book Multiple Latest (x)	2.0	1.8
Return on Equity TTM (%)	13.1	10.5
Dividend Yield—2017 (%)	3.7	3.6
Number of Holdings	27	107
Annualized Return (%) - Last 5 years	7.4	3.3
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 (%)	55.6	53.4

## 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
Sep-18	1.4	0.9
YTD (Sep 2018)	22.3	15.2
2017	7.2	3.8
2016	1.6	9.0
2015	-5.5	-14.3
2014	8.9	-2.1
Last 3 months	-2.3	-2.6
Last 6 months	5.6	4.7
Last 1 year	23.3	15.0
Last 3 years	27.7	21.9
Last 5 years	42.6	17.7
Since Inception (Feb 11— Sep 18)	99.0	60.1

\* 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	15.0
Saudi Basic Industries	Petrochemicals	9.0
SAMBA Financial	Banks	7.5

## Top Risk Statistics (last 5 years)

Standard Deviation (%)	17.6
Sharpe Ratio	0.2
Tracking Error (%)	5.8
Information Ratio	0.7
Alpha (%)	4.1
Beta	0.8

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