

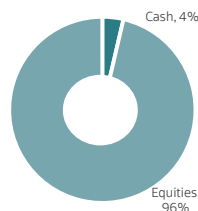
## Managers Commentary

In the month of April, the S&P Saudi total return index was up 6.4%. Financials accounted for ca. 70% of the gains in the market with NCB (+14%), Riyad Bank (+23%) and Arab National Bank (+14%) accounting for majority of the gains. Telecoms were the second biggest contributor, the sector was driven by STC and Etihad Etisalat both stocks increased by approximately 9%. Foreign inflows continue to propel the Saudi Market forward; the foreign ownership in the Tadawul jumped to approximately 6% and the market attracted more than USD 5 billion of foreign inflows YTD. Unsurprisingly, large-cap banks have been the biggest beneficiary of this inflow.

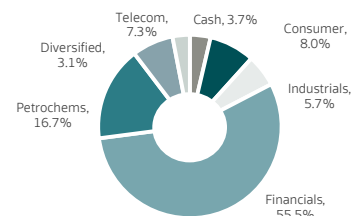
During the month, your portfolio was up 7.2%, while the index was up by 6.4%. The fund benefited from gains in its investments in Saudi financials. Amongst Saudi financials, Riyad Bank (+24%) and NCB (+13%) were the largest contributors. Riyad bank reported 45% YoY growth in earnings (+22% QoQ) in the first quarter. Although the earnings did get a boost from investment gains, its recurrent earnings also posted a healthy increase, due to a better funding mix, healthy loan growth, and stable margins.

The majority of the companies in Saudi Arabia have reported their first quarter numbers, and the overall earnings are down by 5% YoY. Despite anemic loan growth, the financial sector posted 14% YoY growth in earnings for the first quarter thanks to margin expansion. During the quarter, Saudi banks reported on average 10bps increase in net interest margins. This was mainly due to loans being refinanced at higher interest rates and the increase in the proportion of mortgage loans. As expected, the petrochemical sector reported poor results; earnings declined 40% YoY due to weak end product pricing. Despite the rally in oil price, we expect an increase in global supply to continue to depress end product prices. Furthermore, the anticipated slowdown in global growth should also be a challenge for the sector. As a consequence, we don't expect the earnings of the industry to recover in the near future and hence have maintained limited exposure to it in your fund.

### Asset Allocation



### Sector Allocation



Key Statistics	Fund	Index
Price to Earnings Multiple TTM (x)	18.1	21.0
Price to Book Multiple Latest (x)	2.3	2.1
Return on Equity TTM (%)	13.2	9.9
Dividend Yield 2018 (%)	3.3	3.2
Number of Holdings	25	107
Annualized Return (%) - Last 5 years	7.7	2.6
Annualized Standard Deviation (%) - Last 5 years	18.1	21.2
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	53	53
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 (%)	89.7	81.1

## 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
Apr-19	7.2	6.4
2019 (Jan - April)	21.7	20.9
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	11.7	10.3
Last 6 months	21.4	19.5
Last 1 year	22.6	17.5
Last 3 years	66.9	52.2
Last 5 years	45.1	13.9
Since Inception (Feb 11—April 19)	142.6	89.0

\*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	17.4
National Commercial Bank	Banks	10.2
SABIC	Petrochem	9.8

## Top Risk Statistics (last 5 years)

Standard Deviation (%)	18.1
Sharpe Ratio	0.3
Tracking Error (%)	5.7
Information Ratio	0.9
Alpha (%)	0.1
Beta	0.8

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