

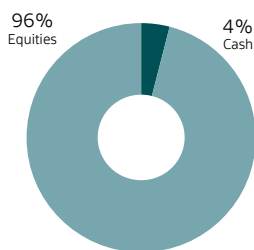
Managers Commentary

The GCC bourses witnessed profit taking during August and the corresponding index fell 2.3%. Saudi Arabia was the most affected and dropped 4.2%. Profit taking was seen on account of increasing volatility within emerging markets which started taking a toll on investor sentiment. Furthermore, net foreign outflows in August amounted to US\$170m which also added to the woes.

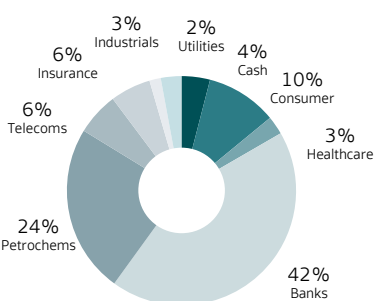
The NAV of SICO Kingdom Equity Fund declined by 3.2% in August given the broad based correction. Our investments from within the healthcare and financial sectors were the main contributors to the losses. Middle East Healthcare plunged 25% post reporting extremely disappointing earnings which declined 60% on the back of higher expenses. In addition, the 5-10% declines in the share prices of SAMBA and Bank Saudi Fransi also added to the negative performance. Despite the negative return in August, the fund's gain for the year still stands at over 20%.

On an aggregate basis, earnings of Saudi companies increased by 19% on a year on year basis owing primarily due to a recovery in the petrochemical and financial sector earnings. Excluding this, domestic oriented companies such as consumer and health care companies saw their earnings decline by over 20% - a sign of the extremely difficult local operating environment. We intend to keep most of our investments but look to switch from selected small and mid-cap stocks which are being affected by soft domestic demand to large caps especially post the recent decline.

Asset Allocation



Sector Allocation



Key Statistics	Fund	Index
Price to Earnings Multiple TTM (x)	15.1	16.9
Price to Book Multiple Latest (x)	2.0	1.8
Return on Equity TTM (%)	13.4	10.5
Dividend Yield—2017 (%)	3.5	3.6
Number of Holdings	26	107
Annualized Return (%) - Last 5 years	7.3	3.6
Annualized Standard Deviation (%) - Last 5 years	17.7	20.9
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	59
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 (%)	53.5	52.1

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
Aug-18	-3.2	-3.9
YTD (Aug 2018)	20.6	14.1
2017	7.2	3.8
2016	1.6	9.0
2015	-5.5	-14.3
2014	8.9	-2.1
Last 3 months	-1.0	-1.7
Last 6 months	10.8	11.1
Last 1 year	22.1	14.4
Last 3 years	25.0	19.0
Last 5 years	42.4	19.5
Since Inception (Feb 11— Aug 18)	96.2	58.7

* 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	14.7
Saudi Basic Industries	Petrochemicals	10.7
National Commercial Bank	Banks	6.5

Top Risk Statistics (last 5 years)

Standard Deviation (%)	17.7
Sharpe Ratio	0.2
Tracking Error (%)	5.9
Information Ratio	0.6
Alpha (%)	3.8
Beta	0.8

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