

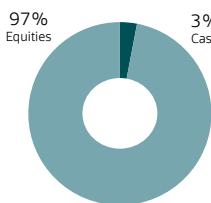
Managers Commentary

The index appreciated by 4.3% in March and extended the return for the first quarter to close to 14%. The market continued to see large foreign inflows with around US\$1.5 billion entering the Saudi market during March. Once again, large caps and specifically banks were at the forefront with stocks such as Al Rajhi Bank rising close to 10%. Elsewhere Kuwait also climbed on the back of continued interest in the banking sector.

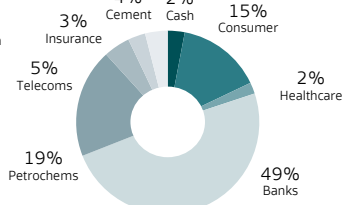
The fund appreciated by 5.3% in March and outperformed the benchmark. Our large exposure to the financial sector stocks continued to serve well for the fund as we participated in the rally. In addition, some of our holdings from the small to mid-cap segment outperformed the added to the alpha. For example, Al Tayyar gained 18% on the news that one of its investments Uber will undergo an IPO resulting in a windfall gain for the company. This position has worked well for the fund, hence are looking to trim our allocation after it has risen by more than 40% this year.

Despite the run up in the financial sector, we continue to maintain a positive stance on the sector as we expect earnings growth to be strong largely due to margin improvement. Although the probability of further rate increases in the US in 2019 has diminished, Saudi banks have not yet benefitted fully from rate increases made in 2018. Furthermore, mortgage loans would account for the majority of the anticipated loan growth, and mortgage loans earn a higher margin compared to the rest of the products. In contrast, we have limited our exposure to the petrochemical sector. We expect the petrochemical sector to report disappointing earnings in the first half of 2019. The end product prices for petrochemicals remained muted during the quarter despite the recent rally in the price of oil.

Asset Allocation



Sector Allocation



Key Statistics	Fund	Index
Price to Earnings Multiple TTM (x)	17.8	19.9
Price to Book Multiple Latest (x)	2.1	2
Return on Equity TTM (%)	12.2	10
Dividend Yield 2018 (%)	3.4	3.4
Number of Holdings	25	107
Annualized Return (%) - Last 5 years	6.7	1.8
Annualized Standard Deviation (%) - Last 5 years	18.0	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 (%)	76.9	70.3

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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
Mar-19	5.3	4.3
2019 (Jan - Mar)	13.5	13.7
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	13.5	13.7
Last 6 months	13.7	11.0
Last 1 year	20.0	16.2
Last 3 years	67.4	58.8
Last 5 years	38.3	9.3
Since Inception (Feb 11— Mar 19)	126.2	77.7

*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	17.4
National Commercial Bank	Banks	9.6
SAMBA Financial	Banks	7.6

Top Risk Statistics (last 5 years)

Standard Deviation (%)	18.0
Sharpe Ratio	0.2
Tracking Error (%)	5.7
Information Ratio	0.9
Alpha (%)	4.7
Beta	0.8