

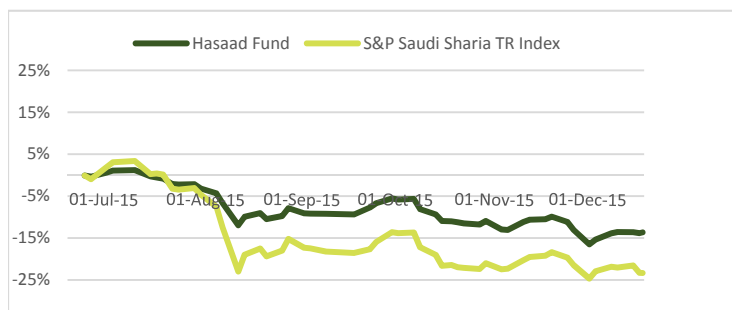
Fund Manager's Strategy & Outlook

The Saudi market returned to negative performance in the last month of the year with the S&P Saudi Sharia TR Index losing 5.1% in December to end the year with a loss of 23.3% since the fund's inception. The Fund lost 3.5% during the month and ended the year with a 13.7% loss since inception. Turnover increased with daily traded value averaging SAR 5.1 billion in December.

The Saudi government announced 2016 budgeted spending of SAR 840 billion, 2.3% below 2015 budgeted spending and 13.9% below actual 2015 spending which included SAR 115 billion in one-off expenditure when King Salman ascended the throne. Revenues are budgeted at SAR 514 billion in 2016 for a budgeted deficit of SAR 326 billion compared to an actual 2015 deficit of SAR 367 billion. The government is expected to finance the deficit through a combination of local and international debt issuance in addition to reserves drawdown. The government also announced a cut to energy subsidies including gas, petrol, and electricity subsidies among others in addition to a plan to privatize several government assets.

TASI sectors performance was mixed in December. Hotel & tourism, multi-investment, and transportation were among the best performing sectors gaining 9.3%, 4.1%, and 1.8% respectively. On the other hand petrochemicals, cement, and building & construction were the worst performing sectors losing 14.7%, 9.7%, and 7.9% respectively. Banks outperformed edging 0.3% down during the month. The Investment Manager reduced exposure to agriculture & food and real estate and increased exposure to petrochemicals and building & construction companies in December.

While budgeted spending for 2016 came above expectations, the cut to a large bundle of subsidies precluded a positive market reaction. The Investment Manager believes that the subsidies cut is negative for companies' earnings in the short term but positive for the country's sustainable economic growth in the medium to long term and hence maintains a cautious view on the market's short term outlook while remaining positive over the medium to long term.



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Objective

The principal objective of the Fund is medium to long term capital appreciation by investing in Sharia compliant equities listed on the Tadawul exchange.

Fund Performance

	Hasaad	S&P TR ¹	Difference ²
Month to Date*	-3.5%	-5.1%	1.6%
Inception to Date**	-13.7%	-23.3%	9.6%

* MTD figures reflect performance between November 30, 2015 and December 31 2015

** Fund's inception date was July 1, 2015

¹ S&P Saudi Sharia TR Index

² For comparative purposes only; the fund is managed on an absolute return basis

Fund Characteristics

No. of Holdings	30
Weighted Market Cap	SAR 36.0 billion
Dividend Yield [†]	4.5%
P/E Ratio 16	14.8

[†] Figure reflects the weighted average yield of a dividend-bearing security in the fund

Fund Metrics

	Hasaad	S&P TR
Volatility	14.9%	26.0%
Beta *	0.6	-

** Calculated vs. the S&P Saudi Sharia TR Index since the Fund's inception

Top Three Equity Holdings

Holding	Sector	% of NAV
Al Rajhi bank	Banks & Financial Services	6.3%
Saudi Basic Industries	Petrochemical Industries	5.5%
Saudi Telecom Co	Telecom & IT	4.1%

Fund Data

NAV per Share	8.6354
Management Fee	1.25%
Minimum Subscription	SAR 10,000
Subscription / Redemption	Twice Weekly
Inception Date	July 1 st , 2015

Fund Identifiers

ISIN Code	XC000A14XYV2
Bloomberg Ticker	EFGHFSE AB Equity
Reuters Code	LP 68330160

Allocation by Economic Sector

