

Fund Manager's Strategy & Outlook

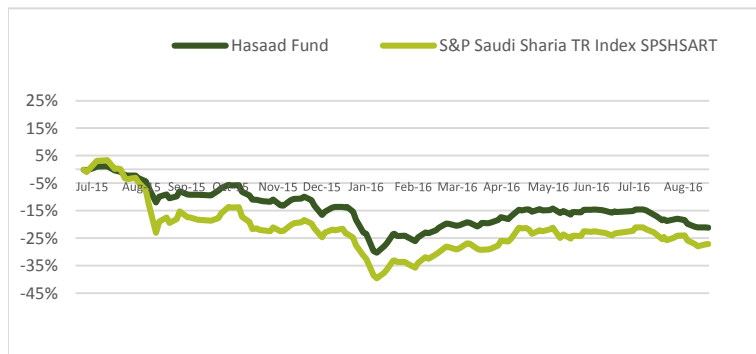
The Saudi market resumed its drop in July with the S&P Saudi Sharia TR Index losing 2.3% for a YTD loss of 4.9%. The Fund lost 3.3% during the month and is now down 8.7% YTD. Turnover fell further MoM with daily traded value averaging SAR 2.9 billion as the summer period has historically seen slower activity.

The market regulator has approved guidelines on book building and allocation for IPOs which will become effective at the start of 2017. The new regulation also gives foreign investors access to IPOs. The regulator also stated that the market is on course to join the MSCI EM Index in 2018. This is a positive, but we still remain cautious on sectors with exposure to the government and government spending.

All TASI sectors were down in August, except for multi-investment, petrochemicals and energy/ utilities which gained 1.0%, 1.2% and 2.5%, respectively. Media, Insurance, and cement were among the worst performing sectors losing 17.4%, 9.4%, and 8%, respectively. Banks outperformed losing 3.4%. The Investment Manager increased exposure to the Food & Agriculture sector and decreased cash to 36.9% at month end.

Brent gained 10.8% in August to end the month at USD 47.04/barrel. Saudi Arabia and Russia agreed to cooperate in the oil markets. There was no action plan or decision on output cuts, but the fact that these two countries are willing to negotiate / cooperate, provides a floor to oil prices in the short term.

With weak third quarter results expected, oil prices volatility, the implementation of the NTP 2020 and upcoming budget, the Investment Manager maintains his cautious view on the market in the short 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*	-3.3%	-2.3%	-1.0%
YTD	-8.7%	-4.9%	-3.8%
2015	-13.3%	-11.6%	-1.7%
Inception to Date**	-21.1%	-27.1%	6.0%

* MTD figures reflect performance between July 31, 2016 and August 31, 2016

**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	20
Weighted Market Cap	SAR 57.2 billion
Dividend Yield*	5.6%
P/E Ratio 16	12.4

*Figure reflects the weighted average yield of a dividend-bearing security in the fund

Fund Metrics

	Hasaad	S&P TR
Volatility	16.3%	23.7%
Beta *	0.65	-

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

Top Three Equity Holdings

Holding	Sector	% of NAV
Saudi Basic Industries	Petrochemical Industries	7.8%
Al Rajhi bank	Banks & Financial Services	7.0%
Saudi Telecom Co	Telecom & IT	5.6%

Fund Data

NAV per Share	7.8859
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

