

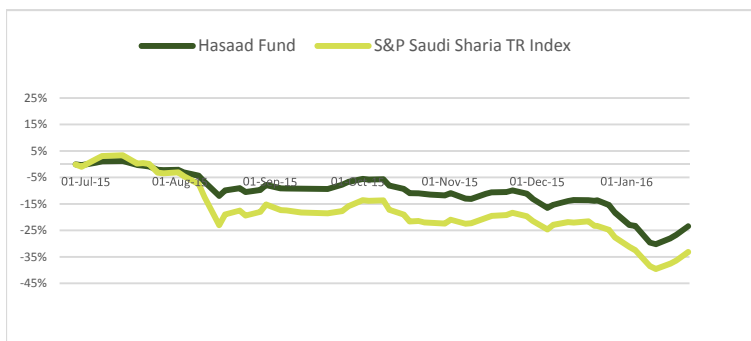
### Fund Manager's Strategy & Outlook

The Saudi market had a very bad start for the year with the S&P Saudi Sharia TR Index losing 12.8% in January while the Fund lost 11.4%. Turnover increased MoM with daily traded value averaging SAR 5.5 billion. The sharp sell-off was driven by a big drop in oil prices, renewed concerns about China's economy which triggered a global equity correction, and increased tensions between Saudi and Iran following the attack on the Kingdom's embassy in Tehran.

Aggregate market earnings for the year 2015 came in at SAR 98.7 billion compared to SAR 112.9 billion in 2014, a 12.6% drop. The YoY drop in aggregate earnings was mainly due to a sharp drop in petrochemical companies' earnings, and when excluding the petrochemical sector the aggregate earnings drop becomes 1.5% only. Weak energy & utilities, industrial investment, and real estate earnings also contributed to the YoY drop in earnings. On the other hand, higher YoY earnings from banks and transport companies contributed positively to aggregate earnings in 2015.

All TASI sectors were down in January. Hotel & tourism, multi-investment, and building & construction were the worst performing sectors losing 30.1%, 21.5%, and 20.5% respectively. Conversely, banks, cements, and real estate were the best performing sectors losing 10.3%, 10.5%, and 11.3% respectively. Petrochemicals slightly outperformed losing 12.3%. The Investment Manager reduced exposure to retail companies and increased exposure to banks, transport, and real estate companies in January.

Following the January rout, selective companies are currently trading at very attractive valuations. And while continued oil price volatility among other concerns is expected to limit the chances of any sustainable short term recovery, the Investment Manager maintains a positive view on the market's medium to long term outlook.



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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 <sup>1</sup>	Difference <sup>2</sup>
Month to Date*	-11.4%	-12.8%	1.5%
YTD	-11.4%	-12.8%	1.5%
2015	-13.7%	-23.3%	9.6%
Inception to Date**	-23.5%	-33.2%	9.7%

\* MTD figures reflect performance between December 31, 2015 and January 31 2016

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

<sup>1</sup> S&P Saudi Sharia TR Index

<sup>2</sup> For comparative purposes only; the fund is managed on an absolute return basis

### Fund Characteristics

No. of Holdings	29
Weighted Market Cap	SAR 40.6 billion
Dividend Yield*	4.9%
P/E Ratio 16	11.1

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

### Fund Metrics

	Hasaad	S&P TR
Volatility	20.5%	29.1%
Beta *	0.7	-

\*\*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	11.8%
Saudi Basic Industries	Petrochemical Industries	7.4%
Alinma Bank	Banks & Financial Services	4.9%

### Fund Data

NAV per Share	7.6528
Management Fee	1.25%
Minimum Subscription	SAR 10,000
Subscription / Redemption	Twice Weekly
Inception Date	July 1 <sup>st</sup> , 2015

### Fund Identifiers

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

### Allocation by Economic Sector

