

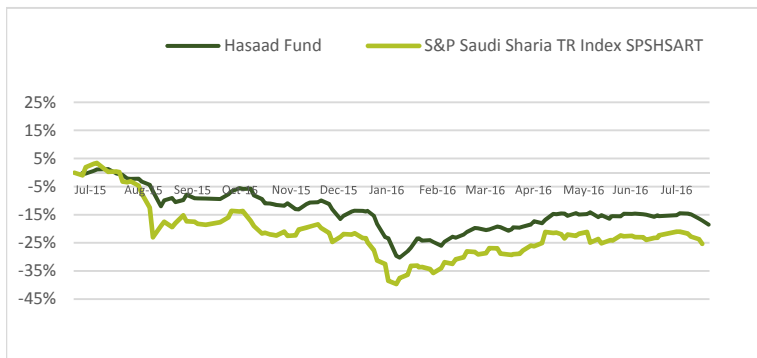
Fund Manager's Strategy & Outlook

The Saudi market resumed its drop in July with the S&P Saudi Sharia TR Index losing 2.8% for a YTD loss of 2.6%. The Fund lost 3.5% during the month and is now down 5.6% YTD. Turnover fell further MoM with daily traded value averaging SAR 3.7 billion despite the end of the Holy month of Ramadan.

Aggregate earnings for 2Q2016 came in at SAR 27.6 billion, down 11.3% YoY. Most sectors had a YoY drop in earnings in Q2, with the exception of insurance, transport, and telecoms whose earnings increased 64.6%, 29.8%, and 5.2% respectively. Banks had a marginal 3.2% YoY drop in earnings, and when adjusted for a one-off in 2Q2015 the sector earnings were up 1.7% YoY. Retail earnings declined 9.2% despite a healthy 10.2% increase in revenues, largely due to lower margins resulting from discounts and expansion related to increases in operating expenses. Petrochemicals earnings dropped 19.8% YoY on the back of weaker product prices.

All TASI sectors were down in July, except for insurance and petrochemicals, which gained 1.4% and 0.2% respectively. Telecoms, cement, and retail were among the worst performing sectors losing 7.3%, 6.9%, and 5.8% respectively. Banks underperformed losing 4.1%. The Investment Manager reduced exposure to the transportation sector and increased cash further to 40.4% at month end.

Brent lost 14.5% in July to end the month at USD 42.5/barrel. With weak second quarter results, oil prices weakening again, and geopolitical risks increasing 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*	-3.5%	-2.8%	-0.7%
YTD	-5.6%	-2.6%	-3.0%
2015	-13.7%	-23.3%	9.6%
Inception to Date**	-18.5%	-25.4%	6.9%

* MTD figures reflect performance between June 30, 2016 and July 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	19
Weighted Market Cap	SAR 56.8 billion
Dividend Yield*	5.4%
P/E Ratio 16	13.1

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

Fund Metrics

	Hasaad	S&P TR
Volatility	16.7%	24.2%
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	7.1%
Al Rajhi bank	Banks & Financial Services	6.6%
Saudi Telecom Co	Telecom & IT	5.4%

Fund Data

NAV per Share	8.1509
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

