

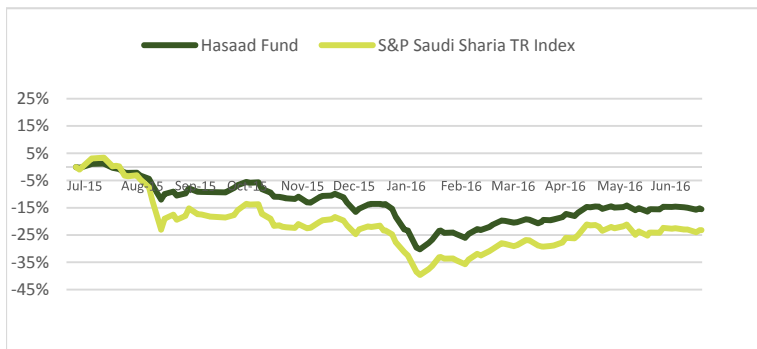
### Fund Manager's Strategy & Outlook

The Saudi market inched up in June with the S&P Saudi Sharia TR Index gaining 1.3% for a YTD gain of 0.2%. The Fund gained 0.2% during the month and is now down 2.1% YTD. Turnover fell sharply MoM with daily traded value averaging SAR 3.8 billion on the back of lower activity during the Holy month of Ramadan which started during the first week of June.

The Saudi government approved the National Transformation Plan (NTP), a 5 year plan that breaks down the strategic goals of Vision 2030 into hundreds of initiatives with specific targets to be achieved by 2020. The plan targets increasing non-oil revenues from SAR 163 billion to SAR 530 billion, non-oil exports from SAR 185 billion to SAR 330 billion, and FDIs from SAR 30 billion to SAR 70 billion among many other targets. The plan lacked some details on how the targets will be achieved, and while we view the NTP positively over the medium to long term, we believe it will have a negative effect on companies' earnings in the short term given the expectation of further subsidy cuts, new fees and taxes introduction, and more liquidity tightening, among other disruptions.

TASI sector performances was mixed in June. Energy & utilities, real estate, and building & construction were the top performing sectors gaining 18.6%, 10.1% and 4.1%, respectively. On the other hand, hotel & tourism, transportation, and industrial investment were among the worst performing sectors losing 4.9%, 2.9% and 1.8%, respectively. Banks and petrochemicals underperformed losing 0.8% and 1.7%, respectively. The Investment Manager increased exposure to retail and reduced cash while keeping it at a high level of 38.6% as of month end.

Second quarter results will be reported during the month of July and are expected to be weak overall. With the Brexit increasing global growth uncertainty and NTP increasing local growth uncertainty, the Investment Manager maintains his cautious view on the market in the short term.



EFG-Hermes Asset Management

Tel: 966 11 293 8048/9 Fax: 966 11 293 8032  
e-mail : AMsales@efg-hermes.com

### 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*	0.2%	1.3%	-1.1%
YTD	-2.1%	0.2%	-2.3%
2015	-13.7%	-23.3%	9.6%
Inception to Date**	-15.5%	-23.2%	7.7%

\* MTD figures reflect performance between May 31, 2016 and June 30, 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	20
Weighted Market Cap	SAR 51.7 billion
Dividend Yield*	5.1%
P/E Ratio 16	13.7

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

### Fund Metrics

	Hasaad	S&P TR
Volatility	17.3%	25.0%
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
Al Rajhi bank	Banks & Financial Services	6.5%
Saudi Basic Industries	Petrochemical Industries	5.9%
Saudi Telecom Co	Telecom & IT	5.5%

### Fund Data

NAV per Share	8.4506
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

