

Fund Strategy & Outlook

The Saudi market had a positive performance in March with the S&P Saudi Sharia TR Index gaining 0.9%. The Fund gained 1.4% during the month. Turnover decreased 13.3% MoM with daily traded value averaging SAR 3.25 billion.

Sector-wise performance in March was mixed, with food & beverage, food & staples and healthcare sectors gaining 6%, 5.5% and 4.6%, respectively. Insurance, utilities and consumer services were among the worst performing sectors losing 4.2%, 4.2% and 4%, respectively. Banks outperformed gaining 1%, while materials lost 1.7% due to weaker oil prices during the month. The fund's cash decreased to 9.3% at month-end.

Brent lost 5.8% in March to end the month at USD 53.53/barrel, and on average was 6.7% lower MoM. Concerns about increased supply in the US and compliance with previous cuts announced by OPEC and non-OPEC producers were the main reason behind this decline.

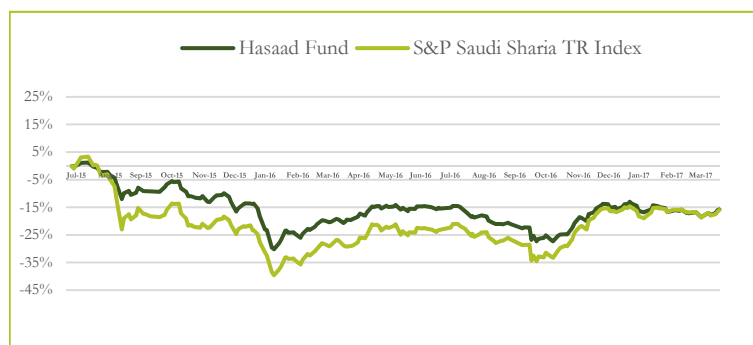
The Saudi Stock Exchange announced that the market will adopt the new T+2 settlement cycle with effect from Sunday April 23rd, after the successful completion of the necessary pilot testing. The market will adopt the new short-selling and securities lending regulations from the same date. This is a big leap towards inclusion in the MSCI and FTSE EM indices.

Banking sector loans were flat MoM and YoY, following the recent slowing trend in the aftermath of the government's settlement of overdue receivables in late 2016. Sector deposits declined by 1% MoM, remained flat YoY; the regulatory LDR increased again slightly MoM to 82% but remains well below the regulatory ceiling of 90%. Moody's raised its outlook for the Saudi banking system to 'stable' from 'negative', citing improving liquidity / funding conditions and robust capital buffers.

A royal decree was announced setting the tax rate range on oil production companies, including Aramco, between 50% and 85% based on the level of investments. The higher band which includes investment exceeding SR 375bn will have a set tax rate of 50%. Aramco has confirmed that the rate has been reduced from 85% to 50%. This is another step towards Aramco's IPO and would support a higher valuation for the company.

Cement sector sales volumes continue trending lower; Sales volumes for the sector fell 25% YoY in February 2017. The lack of new projects and continued completion of existing projects is the reason behind the sharp decline in demand.

The Investment Manager believes that the Saudi market will remain correlated with oil prices and also, he will increase exposure to large-cap names following the announcement of T+2 settlement, as one of the main requirements for inclusion in the MSCI and FTSE EM Indices would have been satisfied by the same. The first quarter results would be announced gradually until May 11th, as the reporting period has been extended by the Tadawul due to the fact that this is the first time that non-banks are required to report under IFRS. We expect weak results mainly from cement and consumer discretionary sectors, while petrochemicals, select banks and healthcare should see stronger numbers.



EFG-Hermes Asset Management
Tel: 966 11 293 8048/9 Fax: 966 11 293 8032
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 Fund	S&P TR ¹	Difference ²
Month to Date*	1.4%	0.9%	0.5%
YTD	-2.2%	-0.9%	-1.3%
2016	-0.3%	10.5%	-10.8%
2015	-13.3%	-11.6%	-1.7%
Inception to Date**	-15.8%	-16.0%	0.2%

* MTD figures reflect performance between February 28, 2017 and March 31, 2017

** 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	21
Weighted Market Cap	SAR 78.6 billion
Dividend Yield*	3.9%
P/E Ratio 17	17.5

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

Fund Metrics

	Hasaad Fund	S&P TR
Volatility	15.5%	21.7%
Beta *	0.67	-

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

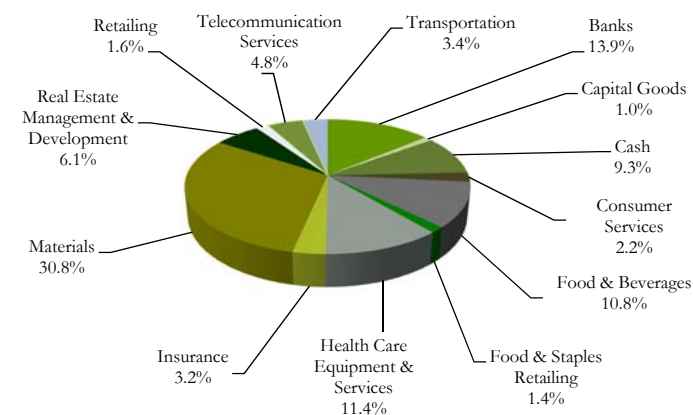
Top Holdings

Holding	Sector	% Holding
Saudi Basic Industries Corp	Materials	14.6%
Al Rajhi Bank	Banks	13.9%
Advanced Petrochemical Co	Materials	6.7%

Fund Information

NAV per share	SAR 8.4213
Launch Date	July 1, 2015
Management fee	1.25%
Minimum Subscription	SAR 10,000
Subscription/Redemption	Twice Weekly

Allocation by Economic Sector



Fund Identifiers

ISIN	XC000A14XYV2
Reuters Code	LP 68330160
Bloomberg Ticker	EFGHFSE AB