

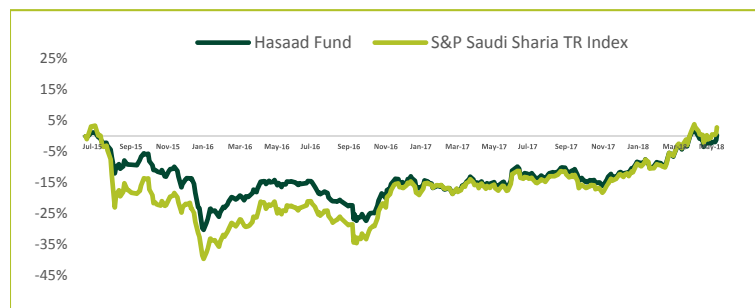
Fund Strategy & Outlook

May'18 ended with S&P Saudi Shariah TR Index exhibiting a performance of 1.21%, whereas, the Fund increased by 0.36%. S&P Saudi is up 16.9% YTD based on the expected announcement of Saudi's inclusion in MSCI Emerging Market index and rising oil prices. Brent was on average 6.9% higher in May-18 mom and ended the month at USD 77.6/barrel; up 15% YTD. Upcoming OPEC meeting in June-18 and the possibility of supply cuts has put a ceiling on oil gains in the short term.

Outlook for the economy is expected to remain stable over medium and long term due to stable oil prices and tax revenues; VAT implementation, rise in utility tariffs, Expat levy. Short term headwinds are expected due to expat exodus and lean spending by corporates and individuals triggered by rising inflation from taxes and higher cost of labor from Saudization. Government spending kick-off will trigger the economic growth in the medium and long term. Rising interest rates in US and consequently Saudi will raise cost of financing for corporates in short term, however, this bodes well for Saudi banks. Total bank deposits declined by 0.5% in April-18 with demand deposits growing by 2% yoy and savings deposits declining by 8.4% yoy. 3M Saibor averaged 2.4% in May 2018, up 10bps MoM from 2.32% in April. Bank credit to private sector grew by 0.7% yoy in April. Combined POS/ATM transactions rose 8% YoY in May-18.

Investor focus is expected to shift toward the MSCI EM inclusion announcement in the mid of June. The expectations are for a positive announcement, a precursor from the positive announcement from FTSE in March 2018. We believe that there is a high likelihood of Saudi Arabia's inclusion. MSCI has shortlisted 32 Saudi companies for index inclusion should Saudi get classified as an Emerging Market. Overall the Fund is positioned to gain from foreign inflows to be triggered by Kingdom's inclusion in MSCI EM Index. Based on expected 2.3% weight of Saudi in MSCI and market cap of companies to be included in MSCI EM Index, benchmark's exposure to MSCI is 79%, whereas, Fund has 70% exposure to companies to be included in MSCI index. Fund is exposed to quality names on MSCI list; certain companies from the MSCI list are not a holding of the Fund due to unsound fundamentals. Current foreign ownership excluding strategic stakes is 2% (1.2% at beginning of year). Dubai, which was upgraded to EM in 2014 by MSCI, has a foreign ownership of over 20%.

The investment manager's focus remains on large caps and selected mid cap names. Higher Oil prices also suggest that the pace of austerity cuts would slow down and the timelines stretched. The above factors make the investment manager optimistic on the market performance in the coming period.



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*	0.4%	1.2%	-0.8%
YTD	13.6%	16.9%	-3.3%
2017	2.5%	3.8%	-1.3%
2016	-0.3%	10.5%	-10.8%
2015	-13.7%	-23.3%	9.6%
Inception to Date**	0.2%	2.8%	-2.6%

* MTD figures reflect performance between April 30, 2018 and May 31, 2018

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

¹ S&P Saudi Shariah TR Index

² For comparative purposes only, the fund is managed on an absolute return basis

Fund Characteristics

No. of Holdings	22
Weighted Market Cap	SAR 110.3 billion
Dividend Yield*	4.1%
P/E Ratio 18	20.9

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

Fund Metrics

	Hasaad Fund	S&P TR
Volatility	13.7%	18.2%
Beta *	0.7	-

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

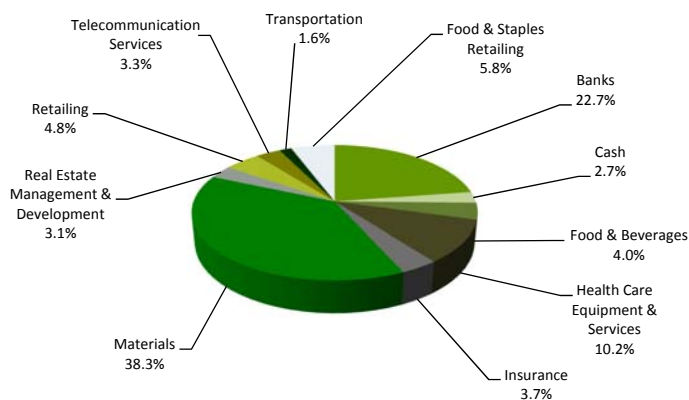
Top Holdings

Holding	Sector	% Holding
Al Rajhi Bank	Banks	19.4%
Saudi Basic Industries Corp	Materials	16.0%
Mouwasset Medical Services Co	Health Care Equipment & Services	5.9%

Fund Information

NAV per share	SAR 10.0248
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	EFHFSE AB