

Fund Strategy & Outlook

The market had a positive performance in September with the S&P Saudi Shariah Index gaining 0.4% and the Fund gaining 0.8%. Turnover increased 9.6% MoM with daily traded value averaging SAR 3.14bn.

Sector-wise performance in August was mixed with Commercial & Professional Services, Consumer Services and Diversified Financial sectors gaining 12.3%, 7.9% and 6.4%, respectively. Telecom, Real Estate and Healthcare were among the worst performing sectors losing 9.5%, 8.6% and 8%, respectively. Materials gained 1.1% during the month and banks stood flat for the month.

Brent was 9.8% higher in September, ending the month at USD 55.37/barrel, and on average was 6.6% higher MoM. It is expected that the OPEC and Non-OPEC agreements for supply cuts could be extended until the end of 2018.

The big headline in Saudi Arabia was that of women being allowed to drive from June 2018. Labor force participation for the women is expected to increase. This is positive for the retail, banking and transportation sectors.

FTSE announced a delay in Saudi Arabia entering the FTSE GEIS Index. FTSE Russell proposes to bring forward the next formal assessment of Saudi Arabia's classification status to March 2018 when the timing of inclusion will be made. The tone of the announcement was extremely positive.

Excess liquidity in the banking system continued to be deployed to buy government bonds (now 10.0% of assets). This continues to contribute to elusive loan growth (just 0.3% MoM). The share of time deposits reached 29.9%. POS transactions were up 11% M-o-M and cash withdrawals from ATMs were up 20% MoM.

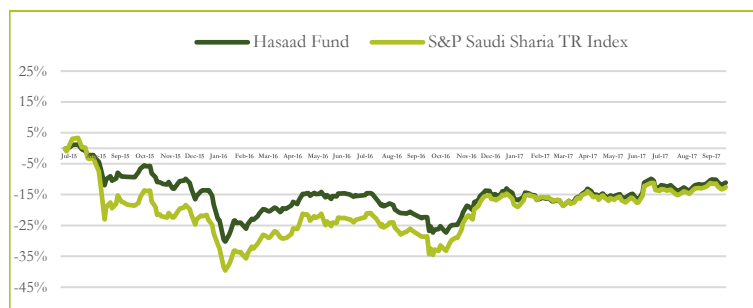
The government raised USD 12.5bn in the second dollar bond this year and has received 345k bills worth SAR 525bn from the private sector's contractor entities during FY16/17; 98% of the bills were paid within 60 days.

There were reports that the Saudi government is re-drafting the NTP, pushing out some target dates and clarifying responsibilities to facilitate implementation. The reported delay of Saudi Aramco's IPO were denied by the company. It is expected that the government will raise local gasoline pricing to market levels by November.

Corporate activity continued with Savola selling a 2% stake (\$0.3bn) in Almarai to institutional investors on September 12, and Credit Agricole selling a 16% stake (\$1.5bn) in Banque Saudi Fransi to Kingdom Holding on September 20.

Cement sales volumes fell 6.9% YoY in September 2017 and were 15.5% lower MoM. Construction activity is still slow and the sector keeps suffering on account of cuts in government spending on infrastructure.

The focus for the near term would be the Q3 results. We expect strong results for the petrochemical sector; results are expected to be stable for banks and negative for the cement sector. The market is expected to remain volatile and range bound in the 6,800-7,200 band in the near 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 Fund	S&P TR ¹	Difference ²
Month to Date*	0.8%	0.4%	0.4%
YTD	3.2%	3.2%	0.0%
2016	-0.3%	10.5%	-10.8%
2015	-13.3%	-11.6%	-1.7%
Inception to Date**	-11.1%	-12.6%	1.5%

* MTD figures reflect performance between August 31, 2017 and September 30, 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	23
Weighted Market Cap	SAR 80.4 billion
Dividend Yield*	3.5%
P/E Ratio 17	16.9

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

Fund Metrics

	Hasaad Fund	S&P TR
Volatility	14.6%	19.9%
Beta *	0.69	-

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

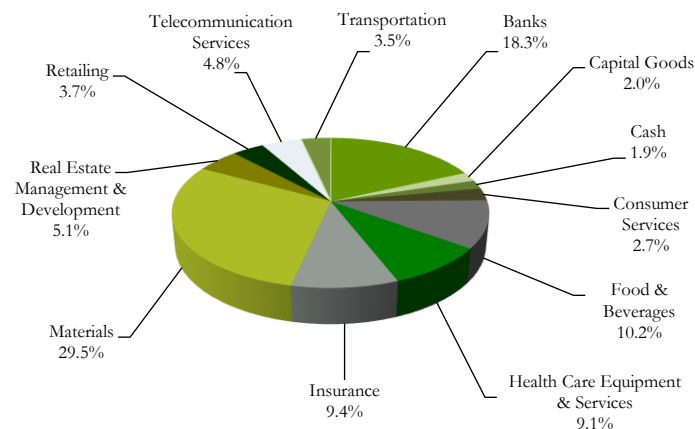
Top Holdings

Holding	Sector	% Holding
Saudi Basic Industries Corp	Materials	14.3%
Al Rajhi Bank	Banks	14.2%
Co for Cooperative Insurance	Insurance	5.9%

Fund Information

NAV per share	SAR 8.8880
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