

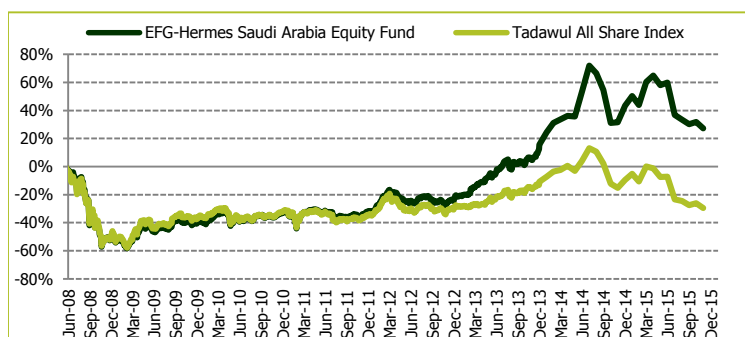
Fund Manager's Strategy & Outlook

The Saudi market returned to negative performance in the last month of the year with the Tadawul All Share Index losing 4.5% to end the year with a loss of 17.1%. The Fund lost 3.6% during the month and ended the year with a 3.4% loss. Turnover increased with daily traded value averaging SAR 5.1 billion in December.

The Saudi government announced 2016 budgeted spending of SAR 840 billion, 2.3% below 2015 budgeted spending and 13.9% below actual 2015 spending which included SAR 115 billion in one-off expenditure when King Salman ascended the throne. Revenues are budgeted at SAR 514 billion in 2016 for a budgeted deficit of SAR 326 billion compared to an actual 2015 deficit of SAR 367 billion. The government is expected to finance the deficit through a combination of local and international debt issuance in addition to reserves drawdown. The government also announced a cut to energy subsidies including gas, petrol, and electricity subsidies among others in addition to a plan to privatize several government assets.

TASI sectors performance was mixed in December. Hotel & tourism, multi-investment, and transportation were among the best performing sectors gaining 9.3%, 4.1%, and 1.8% respectively. On the other hand petrochemicals, cement, and building & construction were the worst performing sectors losing 14.7%, 9.7%, and 7.9% respectively. Banks outperformed edging 0.3% down during the month. The Investment Manager reduced exposure to agriculture & food and building and construction and increased exposure to retail and insurance companies in December.

While budgeted spending for 2016 came above expectations, the cut to a large bundle of subsidies precluded a positive market reaction. The Investment Manager believes that the subsidies cut is negative for companies' earnings in the short term but positive for the country's sustainable economic growth in the medium to long term and hence maintains a cautious view on the market's short term outlook while remaining positive over the medium to long term.



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Objective

The principal objective of the Fund is medium and long term capital appreciation through investing in Saudi Arabian equity and equity related securities.

Fund Performance

	Saudi Fund	TASI ¹	Difference
Month to Date**	-3.6%	-4.5%	0.9%
YTD	-3.4%	-17.1%	13.7%
2014	17.2%	-2.4%	19.6%
2013	48.8%	25.5%	23.3%
2012	11.2%	6.0%	5.2%
2011	1.8%	-3.1%	4.9%
2010	12.7%	8.2%	4.5%
Inception to Date*	27.2%	-29.6%	56.8%

*Fund's inception date was June 17th, 2008

** MTD figures reflect performance between 30 November, 2015 and 31 December, 2015

¹TASI is a price return index

Fund Characteristics

No. of Holdings	35
Weighted Market Cap	SAR 37.8 billion
Dividend Yield*	3.7%
P/E Ratio 16	12.6

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

Fund Metrics

	Saudi Fund	TASI
Volatility	23.2%	22.7%
Beta *	1.0	-

**Calculated vs. the Tadawul All Share Index (TASI) since the Fund's inception

Top Three Equity Holdings

Holding	Sector	% of NAV
Al Rajhi Bank	Banks & Financial Services	6.1%
Samba Financial Group	Banks & Financial Services	5.3%
Banque Saudi Fransi	Banks & Financial Services	4.8%

Fund Data

NAV per Share	SAR 12.72099
Management Fee	2%
Minimum Subscription	SAR 50,000
Subscription / Redemption	Twice Weekly
Inception Date	June 17, 2008

Fund Identifiers

ISIN Code	XC000A1W4DX3
Bloomberg Ticker	EFGSAUD AB
Reuters Code	LP65122906

Allocation by Economic Sector

