

### Fund Manager's Strategy & Outlook

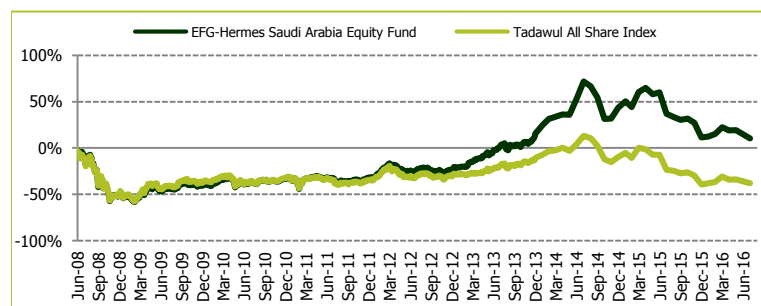
The Saudi market resumed its drop in August with the Tadawul All Share Index losing 3.5% for a YTD loss of 12%. The Fund lost 3.8% during the month and is now down 13.3% YTD. Turnover fell further MoM with daily traded value averaging SAR 2.9 billion, as the summer period has historically seen slower activity.

The market regulator has approved guidelines on book building and allocation for IPOs which will become effective at the start of 2017. The new regulation also gives foreign investor's access to IPOs. The regulator also stated that the market is on course to join the MSCI EM Index in 2018. This is a positive, but we still remain cautious on sectors with exposure to the government and government spending.

All TASI sectors were down in August, except for multi-investment, petrochemicals and energy / utilities which gained 1.0%, 1.2% and 2.5%, respectively. Media, Insurance, and cement were among the worst performing sectors losing 17.4%, 9.4%, and 8%, respectively. Banks outperformed, losing 3.4%. The Investment Manager increased exposure to banks, Insurance, select consumers and petrochemical companies and decreased cash to 10.8% at the month-end.

Brent gained 10.8% in August to end the month at USD 47.04/barrel. Saudi Arabia and Russia agreed to cooperate in the oil markets. There was no action plan or decision on output cuts, but the fact that these two countries are willing to negotiate / cooperate, provides a floor to oil prices in the short term.

With weak third-quarter results expected, oil prices volatility, the implementation of the NTP 2020 and upcoming budget, 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 and long term capital appreciation through investing in Saudi Arabian equity and equity related securities.

### Fund Performance

	Saudi Fund	TASI <sup>1</sup>	Difference
Month to Date**	-3.8%	-3.5%	-0.3%
YTD	-13.3%	-12.0%	-1.3%
2015	-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%
Inception to Date*	10.3%	-38.1%	48.4%

\*Fund's inception date was June 17<sup>th</sup>, 2008

\*\* MTD figures reflect performance between July 31, 2016 and August 31, 2016

<sup>1</sup>TASI is a price return index

### Fund Characteristics

No. of Holdings	27
Weighted Market Cap	SAR 44.3 billion
Dividend Yield*	4.9%
P/E Ratio 16	11.8

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

### Fund Metrics

	Saudi Fund	TASI
Volatility	22.9%	22.6%
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	6.8%
Saudi Basic Industries	Petrochemical Industries	6.3%
Saudi Telecom Co	Telecom & IT	4.9%

### Fund Data

NAV per Share	SAR 11.0336
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

