

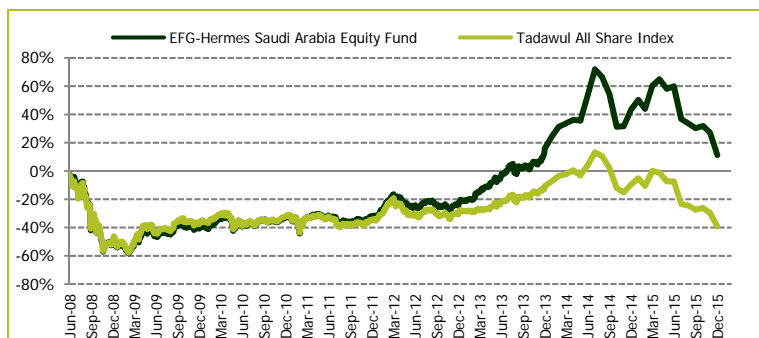
Fund Manager's Strategy & Outlook

The Saudi market had a very bad start for the year with the Tadawul All Share Index losing 13.7% in January while the Fund lost 12.5%. Turnover increased MoM with daily traded value averaging SAR 5.5 billion. The sharp sell-off was driven by a big drop in oil prices, renewed concerns about China's economy which triggered a global equity correction, and increased tensions between Saudi and Iran following the attack on the Kingdom's embassy in Tehran.

Aggregate market earnings for the year 2015 came in at SAR 98.7 billion compared to SAR 112.9 billion in 2014, a 12.6% drop. The YoY drop in aggregate earnings was mainly due to a sharp drop in petrochemical companies' earnings, and when excluding the petrochemical sector the aggregate earnings drop becomes 1.5% only. Weak energy & utilities, industrial investment, and real estate earnings also contributed to the YoY drop in earnings. On the other hand, higher YoY earnings from banks and transport companies contributed positively to aggregate earnings in 2015.

All TASI sectors were down in January. Hotel & tourism, multi-investment, and building & construction were the worst performing sectors losing 30.1%, 21.5%, and 20.5% respectively. Conversely, banks, cements, and real estate were the best performing sectors losing 10.3%, 10.5%, and 11.3% respectively. Petrochemicals slightly outperformed losing 12.3%. The Investment Manager reduced exposure to retail companies and increased exposure to insurance, real estate, and banks in January.

Following the January rout, selective companies are currently trading at very attractive valuations. And while continued oil price volatility among other concerns is expected to limit the chances of any sustainable short term recovery, the Investment Manager maintains a positive view on the market's medium to long term outlook.



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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**	-12.5%	-13.7%	1.2%
YTD	-12.5%	-13.7%	1.2%
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*	11.3%	-39.2%	50.5%

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

** MTD figures reflect performance between 31 December, 2015 and 31 January, 2016

¹TASI is a price return index

Fund Characteristics

No. of Holdings	33
Weighted Market Cap	SAR 37.8 billion
Dividend Yield*	4.2%
P/E Ratio 16	9.5

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

Fund Metrics

	Saudi Fund	TASI
Volatility	23.6%	23.0%
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	5.9%
Samba Financial Group	Banks & Financial Services	5.4%

Fund Data

NAV per Share	SAR 11.13050
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

