

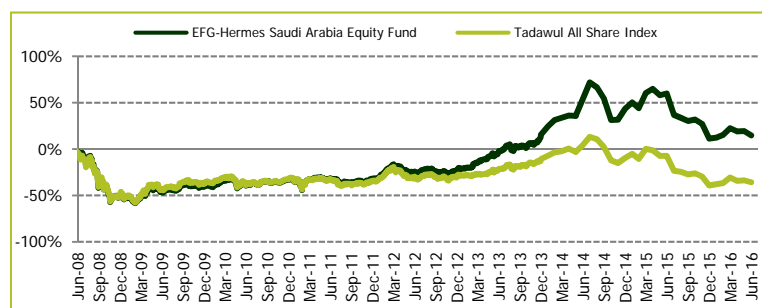
Fund Manager's Strategy & Outlook

The Saudi market resumed its drop in July with the Tadawul All Share Index losing 3.0% for a YTD loss of 8.8%. The Fund lost 3.8% during the month and is now down 9.8% YTD. Turnover fell further MoM with daily traded value averaging SAR 3.7 billion despite the end of the Holy month of Ramadan.

Aggregate earnings for 2Q2016 came in at SAR 27.6 billion, down 11.3% YoY. Most sectors had a YoY drop in earnings in Q2, with the exception of insurance, transport, and telecoms whose earnings increased 64.6%, 29.8%, and 5.2% respectively. Banks had a marginal 3.2% YoY drop in earnings, and when adjusted for a one-off in 2Q2015 the sector earnings were up 1.7% YoY. Retail earnings declined 9.2% despite a healthy 10.2% increase in revenues largely due to lower margins resulting from discounts and expansion related increases in operating expenses. Petrochemicals earnings dropped 19.8% YoY on the back of weaker product prices.

All TASI sectors were down in July, except for insurance and petrochemicals, which gained 1.4% and 0.2% respectively. Telecoms, cement, and retail were among the worst performing sectors losing 7.3%, 6.9%, and 5.8% respectively. Banks underperformed losing 4.1%. The Investment Manager reduced exposure to banks, retail and building and construction companies and increased cash further to 30.7% at month end.

Brent lost 14.5% in July to end the month at USD 42.5/barrel. With weak second quarter results, oil prices weakening again, and geopolitical risks increasing the Investment Manager maintains his cautious view on the market in the short 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**	-3.8%	-3.0%	-0.8%
YTD	-9.8%	-8.8%	-1.0%
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*	14.7%	-35.8%	50.5%

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

** MTD figures reflect performance between June 30, 2016 and July 31, 2016

¹TASI is a price return index

Fund Characteristics

No. of Holdings	27
Weighted Market Cap	SAR 47.9 billion
Dividend Yield*	5.0%
P/E Ratio 16	11.2

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

Fund Metrics

	Saudi Fund	TASI
Volatility	23.0%	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
Saudi Basic Industries	Petrochemical Industries	6.1%
Al Rajhi Bank	Banks & Financial Services	4.7%
Samba Financial Group	Banks & Financial Services	4.3%

Fund Data

NAV per Share	SAR 11.4718
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

