

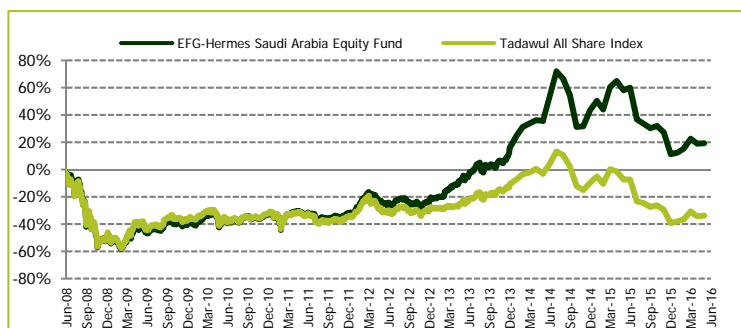
Fund Manager's Strategy & Outlook

The Saudi market inched up in June with the Tadawul All Share Index gaining 0.8% for a YTD loss of 6.0%. The Fund gained 0.3% during the month and is now down 6.2% YTD. Turnover fell sharply MoM with daily traded value averaging SAR 3.8 billion on the back of lower activity during the Holy month of Ramadan which started during the first week of June.

The Saudi government approved the National Transformation Plan (NTP), a 5 year plan that breaks down the strategic goals of Vision 2030 into hundreds of initiatives with specific targets to be achieved by 2020. The plan targets increasing non-oil revenues from SAR 163 billion to SAR 530 billion, non-oil exports from SAR 185 billion to SAR 330 billion, and FDIs from SAR 30 billion to SAR 70 billion, among many other targets. The plan lacked some details on how the targets will be achieved, and while we view the NTP positively over the medium to long term, we believe it will have a negative effect on companies' earnings in the short term given the expectation of further subsidy cuts, new fees and taxes introduction, and more liquidity tightening among other disruptions.

TASI sectors performances was mixed in June. Energy & utilities, real estate, and building & construction were the top performing sectors gaining 18.6%, 10.1% and 4.1%, respectively. On the other hand, hotel & tourism, transportation and industrial investment were among the worst performing sectors losing 4.9%, 2.9% and 1.8%, respectively. Banks and petrochemicals underperformed losing 0.8% and 1.7%, respectively. The Investment Manager increased exposure to retail and reduced cash while keeping it at a relatively high level of 22.1% as of month end.

Second quarter results will be reported during the month of July and they are expected to be weak overall. With the Brexit increasing global growth uncertainty and NTP increasing local growth uncertainty, 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**	0.3%	0.8%	-0.5%
YTD	-6.2%	-6.0%	-0.2%
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*	19.3%	-33.8%	53.1%

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

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

¹TASI is a price return index

Fund Characteristics

No. of Holdings	28
Weighted Market Cap	SAR 44.1 billion
Dividend Yield*	4.6%
P/E Ratio 16	12.2

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

Fund Metrics

	Saudi Fund	TASI
Volatility	23.1%	22.8%
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	5.4%
Al Rajhi Bank	Banks & Financial Services	5.1%
Samba Financial Group	Banks & Financial Services	5.0%

Fund Data

NAV per Share	SAR 11.9303
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

