

Fund Manager's Strategy & Outlook

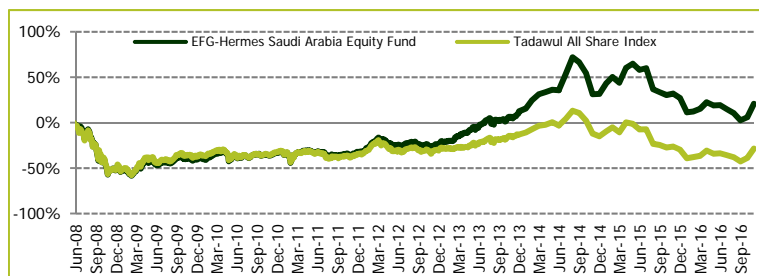
The Saudi market had a strong performance in November with the TASI Index gaining 16.4% for a YTD gain of 1.3%. The Fund gained 14.1% during the month and is now down 5.1% YTD. Turnover gained significantly MoM with daily traded value averaging SAR 5.41bn. The success of Saudi Arabia's maiden international bond issuance gave confidence to local institutions and international investors.

Brent gained 4.5% in November to end the month at USD 50.47/barrel as OPEC announced that its members will reduce output by about 1.2mn bpd by January 2017, to cut its production to 32.5mn bpd, exempting Nigeria and Libya with Saudi Arabia cutting 486k barrels per day. Non OPEC members agreed on the 10th of December, to join the production cuts with 562k bpd. Russia promised to cut production by 300k bpd, Mexico by 100k bpd and Oman by 40k bpd. We believe that, if all the producers comply with their promises, the oil market will re-balance in the second half of 2017 and expect oil prices to remain high in the short term. US Shale supply is expected to increase at oil prices above USD 55 per barrel and hence oil prices are expected to remain range bound in a USD 50 to 60 per barrel band in the short term.

Positive developments were also seen on the domestic front. The government allocated SAR 100bn from its reserves to the PIF with an aim to diversify the Kingdom's investment portfolio and improve returns. The government also allocated SAR 100bn to settle some of its receivables to contractors and other entities. Additionally, the announcement from the Ministry of Municipal & Rural Affairs gave comfort as the actual fees came out to be significantly lower than the approved maximum ceiling.

All TASI sectors were up in November. Media, Cements and the Transportation sectors were among the top performing sectors gaining 66%, 27.2% and 26.9%, respectively. Banks & Petrochemicals underperformed gaining 12.5% and 15.6% respectively. The Investment Manager increased exposure to select Banks, Real Estate, and Consumer non- discretionary names during the month. Cash decreased to 11.8% at month end.

With stronger oil prices and renewed investor confidence, we believe the Saudi market will remain strong in the short term. The compliance to the promised production cuts by both OPEC and non OPEC countries will dictate the direction of oil prices. For the month of December, all eyes will be on the upcoming budget which might see deficit projections lower and flat to slightly higher spending compared to 2016. The Investment Manager is cautiously optimistic 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**	14.1%	16.4%	-2.3%
YTD	-5.1%	1.3%	-6.3%
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*	20.8%	-28.7%	49.5%

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

** MTD figures reflect performance between October 31, 2016 and November 30, 2016.

¹TASI is a price return index

Fund Characteristics

No. of Holdings	23
Weighted Market Cap	SAR 51.6 billion
Dividend Yield*	3.9%
P/E Ratio 16	16.7

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

Fund Metrics

	Saudi Fund	TASI
Volatility	23.2%	23.3%
Beta *	0.97	-

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

Top Three Equity Holdings

Holding	Sector	% of NAV
Samba Financial Group	Banks & Financial Services	7.7%
Al Rajhi Bank	Banks & Financial Services	6.9%
Saudi Basic Industries Corp	Petrochemical Industries	6.2%

Fund Data

NAV per Share	SAR 12.0774
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

