

Fund Strategy & Outlook

The market had a positive performance in November with the TASI up 1% and the Fund was up 1.6%, with YTD outperformance of the fund improving to 8.7%. Turnover increased 20% MoM with daily traded value averaging SAR 3.4bn.

TASI sectors had a mixed performance. Real Estate, Materials and banks were up by 2.3%, 2.2% and 2.1% respectively. Diversified Financials, Consumer Services and Media were among the worst performing sectors losing 16.1%, 14.6% and 11.5%, respectively.

Brent was 3.6% higher in November, ending the month at USD 63.57/barrel, and on average was 8.9% higher MoM. OPEC and non OPEC cuts are expected to be extended by another nine months (until the end of 2018).

The CMA announced publishing an amended draft for the rules governing the Qualified Foreign Investors (QFI's) in Saudi. In this amended draft, the CMA has revised the minimum investment required by QFI's from SR 3.75bn (USD 1bn) to SR 1.88bn (USD 500mn). Moreover, the amended rules added the possibility for the QFI to qualify its subsidiaries and managed funds without submitting a separate new qualification applications for each of them after meeting certain conditions.

The Government announced that Cinemas would be allowed in the country, after a 35 year ban and the PIF has signed a MoU with AMC. The Ministry of Culture expects that 30k jobs would be created and the contribution from cinemas is expected to be USD 24bn by 2020.

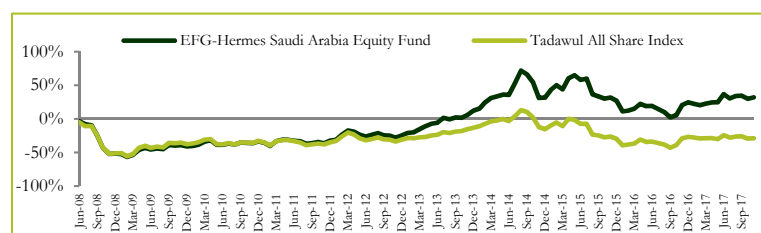
In Saudi Arabia, the headline PMI rose by 1.9pts to 57.5 - the highest reading in 27 months, after holding steady for three consecutive months. The pick-up was supported by spikes in output and new orders sub-indices. However, the survey also showed slower job creation, inventory stock building and future output expectations, all pointing to weaker business sentiment.

Excess liquidity fell 8% MoM as the share of government bonds rose 65bps to 10.8% of assets. The share of system time deposits declined MoM from 29.4% to 27.6%, with stable loan-to-deposit ratios. POS transactions were up 15% YoY (+9% MoM), cash withdrawal from ATMs was up a moderate 1% YoY (+19% MoM) and new LCs opened were up 23% YoY (33% MoM).

Saudi Arabia's FX reserves rose by USD 8bn to USD 493bn in October, registering their largest increase in the past four years after declining in 15 of the previous 16 months. This was mainly due to the issuance of USD 12.5bn of sovereign Eurobonds. FX reserves are likely to resume their decline in November and December as large public expenditures items are settled before the end of the year.

Cement sales volumes fell 9.5% YoY in November 2017 and were 7.4% lower MoM. Clinker inventory levels continue rising and were up 29% YoY and 1.3% MoM. Completion of previously announced projects and a sharp slowdown in new projects has led to a marked slowdown in demand.

The market awaits the 2018 budget announcement in the latter part of December. We expect a more expansionary budget than planned for 2018, as authorities seek to support an economy struggling under the weight of austerity cutbacks. An expansionary budget supported by stronger oil prices is expected to be supportive of the financial markets. On the other hand, increase in gasoline prices (expected in Jan 2018) and a gradual rise in electricity prices together with VAT would tighten consumer spending and pose short term risks to the economy and the market.



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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*	1.6%	1.0%	0.6%
YTD	5.8%	-2.9%	8.7%
2016	-1.9%	4.3%	-6.2%
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**	32.1%	-28.6%	60.7%

* MTD figures reflect performance between October 31, 2017 and November 30, 2017

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

¹ TASI is a price return index

Fund Characteristics

No. of Holdings	29
Weighted Market Cap	SAR 62.9 billion
Dividend Yield*	4.0%
P/E Ratio 17	15.5

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

Fund Metrics

	Saudi Fund	TASI
Volatility	22.3%	22.3%
Beta*	0.97	-

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

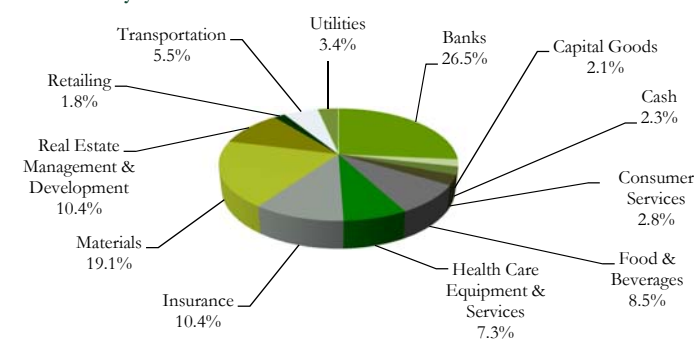
Top Holdings

Holding	Sector	% Holding
Al Rajhi Bank	Banks	12.0%
Saudi Basic Industries Corp	Materials	8.9%
National Commercial Bank	Banks	6.9%

Fund Information

NAV per share	SAR 13.2085
Launch Date	June 17, 2008
Management fee	2%
Minimum Subscription	SAR 50,000
Subscription/Redemption	Twice Weekly

Allocation by Economic Sector



Fund Identifiers

ISIN	XC000A1W4DX3
Reuters Code	LP65122906
Bloomberg Ticker	EFGSAUD AB