

Alinma Multi-Assets Defensive Fund

Approved by Alinma Sharia Board

الإنماء للاستثمار

alinma investment



C. R. No. 1010269764 | CMA License No. 09134 - 37

March-2018

Fund's Objectives & Strategy

Fund seeks to balance between equity and fixed income asset classes by investing at most 25% of Fund's assets into equity markets. Fund adopts a variety of investment strategies, which aims to achieve optimal distribution of assets types to neutralize negative impact on return. The Fund invests in the following asset classes: Equity, Murabaha, Structured Products, Sukuk and Funds.

Fund Manager's Commentary

The Saudi market ended March up by 6.09% on monthly basis (down by 3.02% for February) and up by 8.92% versus last year end, closing at the level of 7,870.87 (trading range between 7,366.83 and 7,942.54). Market's P/E, P/B, and Dividend Yield as of end of month were approximately 17.25, 1.73, and 3.26% respectively (as reported by Bloomberg) compared to 15.31, 1.76, and 2.41% respectively for emerging markets (represented by MSCI EM Index covering large and mid-cap companies across emerging markets countries). The two largest sectors in the market, Materials and Banks, both ended the month up by 8.51% and 5.67% versus last month respectively. Other sectors closed the month between up by 12.17% (Food & Beverage) and down by 3.47% (Commercial & Professional Svc). Market capitalization increased by 7.09% to SAR 1,869.60 billion versus last month while average daily traded value increased sharply for this month by 23.09% to SAR 4,169.52 million.

Brent price increased this month by 7.12% closing at 69.34 USD/bar while average of the month was 66.37 USD/bar, up by 1.47% from last month average. On the other hand, OPEC's basket ended the month also up 3.25% to 66.05 USD/bar while average of the month was 63.65 USD/bar, slightly up by 0.27% versus average of last month.

On interest rate issue, FOMC, as expected, raised its rate by 0.25% to the range 1.50% to 1.75% on its last meeting on March 21st 2018. FOMC coming meeting will be held on coming May 2nd but economists (as per Bloomberg survey) are not expecting any change in this rate during that meeting. On the local market, average of the Saudi Interbank rate for 6 months for March was 2.27179% p.a. (sharply up by 8.65% versus last month average) and closing at 2.44875% p.a. (sharply up by 15.78% versus closing of last month).

Regarding IPOs market, shares of one REIT Fund were offered and shares of two REIT Funds were listed on Main Market while there was no new offering or listing in the parallel market (Nomu) during the month. In addition, Bank Aljazira increased its capital by SAR 3,000 million through a right issuance of new 300 million shares at SAR 10 per share.

Several factors affected markets in general. As said above, oil prices closed the month up driven by fears of a possible US cancellation of the 2015 Iran nuclear deal in addition to tension from a possible trade war between US and China. Investors continued also measuring on further Q4 results (last day for announcement is March end) as well as on the coming Q1 results. As of April 2nd, total income of companies which announced their Q4 results in the main market is slightly down by 1% over Q4 of last year but total income for the year 2017 was up by more than 11% versus last year total income. In addition, investors are still positive on the possible reclassification by MSCI (on coming June) of the Saudi market to emerging market status especially after FTSE Russell announcement on the 28th of March of adding Saudi Arabia to FTSE Russell emerging market list in stages and to be completed by December 2019.

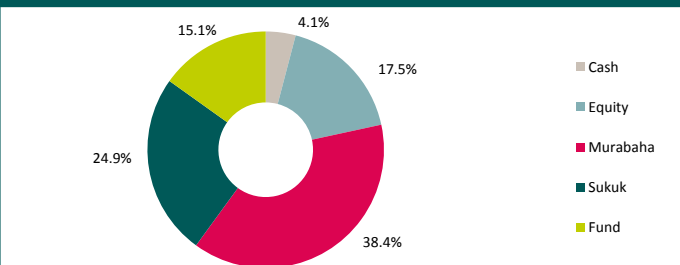
Fund's Information

Fund Type	Open-ended Fund
Risk Level	Low to Medium
Fund Manager	Alinma Investment Company
Fund Listing	Saudi Arabia
Launch Date	May 4, 2013
Benchmark	30% equity and 70% Sibur 6 months
Inception Price (SAR)	10.00
Unit Price (SAR)	12.22
AUM (SAR)	11,569,935.62
Base Currency	Saudi Riyal
Initial Investment (SAR)	5,000 individual/20,000 institution
Subsequent Investment (SAR)	Min of 1,000 individual/10,000 institution
Valuation Days	Monday and Wednesday of every week
Subscription Fees	1.5% of subscribed amount
Management Fees	1.0% per annum
Redemption Fees	1% if Exit Before 1 Month
Sharia Board	Yes
Bloomberg Code	AMUDEFF AB Equity

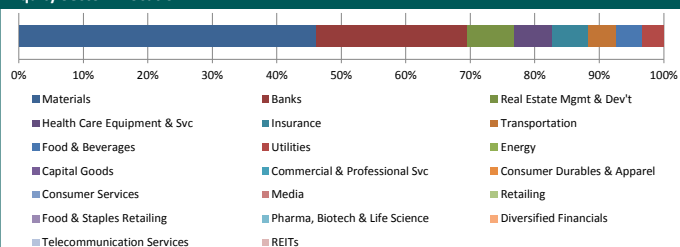
Abbreviations

* YTD: Year To Date * SD: Standard Deviation * BM: Benchmark
* SI: Since Inception * Avg R: Average Return

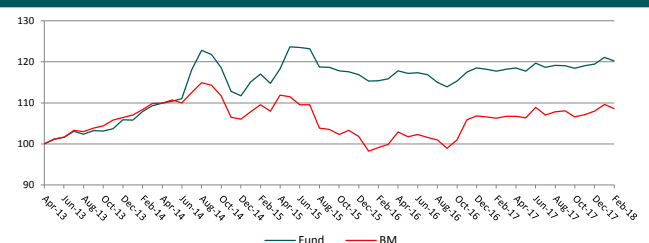
Asset Class Distribution



Equity Sector Allocation



Performance & Risk Parameters



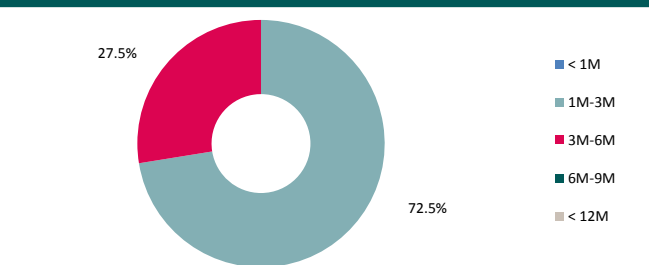
	1M	3M	YTD	1Y	2Y	5I
Fund	1.66%	2.31%	2.31%	3.40%	5.48%	22.19%
BM	2.03%	2.67%	2.67%	3.86%	10.98%	10.82%
Gap	-0.37%	-0.36%	-0.36%	-0.47%	-5.50%	11.37%
	2017		2016		2015	
Fund	0.74%		1.46%		4.60%	
BM	1.09%		4.85%		-3.92%	
Gap	-0.35%		-3.40%		8.52%	
	Avg R	SD	Sharpe*	Alpha**	Beta**	Correlation
Fund	4.17%	4.64%	0.54	1.85%	0.68	0.67
BM	2.11%	4.60%	0.10			

* Risk-Free interest rate is taken to be the Saudi Interbank Average 12M

** relative to benchmark

Note: Statistics are based on Inception Date

Murabaha Tenor Distribution



Top Equity Holdings

Code	Stock	Sector
1120	Al Rajhi	Banks
2010	SABIC	Materials
2290	YANSAB	Materials
1150	Alinma	Banks
1211	MA'ADEN	Materials

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