

Alinma Saudi Equity Fund

Approved by Alinma Sharia Board

August-2018

الإنماء للاستثمار

alinma investment



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Fund's Objectives & Strategy

The fund aims to achieve long term capital growth by investing in shares of Shariah compliant listed companies in the Saudi equity market. The Fund also aims to outperform its Benchmark by utilizing an active management that enables movement between sectors in timely manner with focus on promising companies either having attractive valuations, or undergoing restructuring with strong momentum to improve profitability.

Fund Manager's Commentary

The Saudi market ended August down by 4.18% on monthly basis (down by 0.23% for July) and up by 9.99% versus last year end, closing at the level of 7,948.25 (trading between 7,865.68 and 8,288.98). Market's P/E, P/B, and Dividend Yield as of end of month were approximately 17.3, 1.79, and 3.57% respectively (as reported by Bloomberg) compared to 12.77, 1.6, and 2.67% 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, Material and Banks, ended the month down by 2.95% and 5.32% versus last month respectively. Other sectors closed the month between up by 4.03% (Retailing) and down by 7.76% (Health Care Equipment & Svc). Market capitalization decreased by 3.92% to SAR 1,893.32 billion versus last month of which 5.06% is owned by foreign investors (down from 5.11% last month) while average daily traded value increased slightly for this month by 0.26% to SAR 3,191.18 million.

Brent price increased this month by 4.62% closing at 77.64 USD/bar while average of the month was 74.15 USD/bar, down by 1.12% from last month average. Similarly, OPEC's basket ended the month up by 2.88% to 75.74 USD/bar while average of the month was 72.26 USD/bar, down by 1.38% versus average of last month.

On interest rate issue, FOMC kept its rate at its last June levels in the range 1.75% to 2.00% on its meeting on August 1st but is expected to increase it to the range 2.00% to 2.25% on its coming meeting on September 26th. On the local market, average of the Saudi Interbank rate for 6 months for August was 2.78750% p.a. (almost the same level as the last month average) and closing at 2.78750% p.a. (again similar to closing of last month).

Regarding IPOs market in the main market, shares of Swicorp Wabel REIT Fund were listed on August 6th while the IPO of shares of Leejam Sports Co. for individual investors started on August 1st. Aside from that, there were no other listings or offerings on the Main Market (TASI) nor on the Nomu-Parallel Market during the month.

Several factors affected markets movement in general. Even though the current Q2 earnings season of the listed companies showed an increase of more than 21% in total income versus Q2 2017, other factors impacted the market mostly negatively. These included the continuing volatility in the oil market, the volatility in emerging market currencies versus the US dollar after the currency crisis in Turkey (affecting additionally some Saudi companies having exposure to the Turkish market), in addition to the continuing trade tension between US and China and other countries.

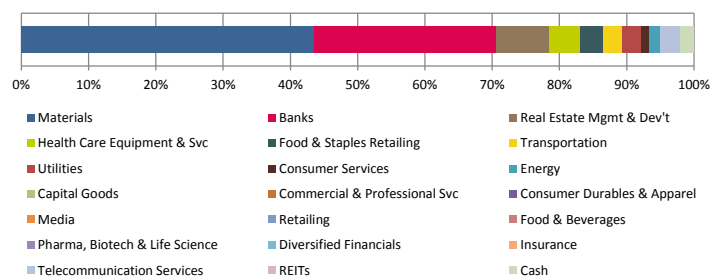
Fund's Information

Fund Type	Open-ended Fund
Risk Level	High
Fund Manager	Alinma Investment Company
Fund Listing	Saudi Arabia
Launch Date	January 1, 2011
Benchmark	Alinma Saudi Islamic Index by IdealRatings
Inception Price (SAR)	10.00
Unit Price (SAR)	16.35
AUM (SAR)	50,828,280.10
Base Currency	Saudi Riyal
Initial Investment (SAR)	SR 5,000
Subsequent Investment (SAR)	Minimum of SR 1,000
Minimum Redemption (SAR)	Minimum of SR 1,000
Valuation Days	Monday and Wednesday of every week
Subscription Fees	1.5% max of initial or additional subscribed amount
Management Fees	1.75% per annum
Redemption Fees	None
Sharia Board	Yes
Bloomberg Code	ALSAUEQ AB Equity

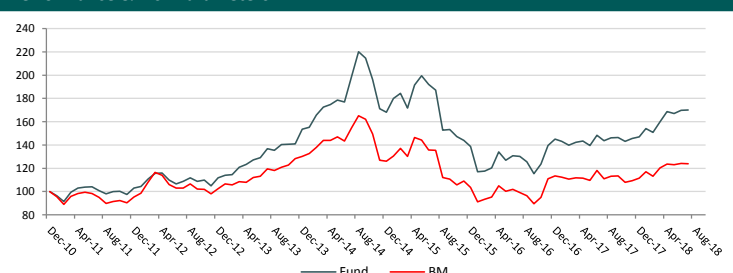
Abbreviations

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

Equity Sector Allocation



Performance & Risk Parameters



	1M	3M	YTD	1Y	2Y	SI
Fund	-3.84%	-2.13%	11.31%	11.96%	28.90%	63.51%
BM	-3.59%	-2.96%	7.08%	5.52%	22.91%	19.53%
Gap	-0.25%	0.83%	4.23%	6.43%	5.99%	43.98%
	2017		2016		2015	
Fund	1.33%		4.48%		-16.13%	
BM	-1.69%		9.60%		-16.24%	
Gap	3.02%		-5.12%		0.11%	
	Avg R	SD	Sharpe*	Alpha**	Beta**	Correlation**
Fund	6.63%	14.77%	0.35	3.57%	0.78	0.76
BM	2.36%	14.23%	0.06			

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

** relative to benchmark

Note: Statistics are based on Inception Date

Top Equity Holdings

Code	Stock	Sector
1120	Al Rajhi	Banks
2010	SABIC	Materials
1211	MAADEN	Materials
1150	Alinma	Banks
2290	YANSAB	Materials

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