

## Alinma Saudi Equity Fund

Approved by Alinma Sharia Board

# الإنماء للاستثمار

## alinma investment



### October-2018

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

#### 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 main market (market) ended October down by 1.16% on monthly basis (up by 0.65% for September) and up by 9.42% versus last year end, closing at 7,907.01 (trading between 7,266.59 and 8,038.07). Market's P/E, P/B, and Dividend Yield as of end of month were approximately 16.37, 1.76, and 3.53% respectively (as reported by Bloomberg) compared to 11.51, 1.47, and 3.05% 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 2.61% and slightly up by 0.15% versus last month respectively. Other sectors closed the month between up by 13.47% (Capital Goods) and down by 5.66% (Health Care Equipment & Svc). Market capitalization decreased by 0.93% to SAR 1,881.80 billion versus last month of which 4.71% is owned by foreign investors (down from 5.04% last month) while average daily traded value increased sharply for this month by 58.91% to SAR 4,162.61 million.

Brent price decreased sharply this month by 9.30% closing at 75.04 USD/bar while average of the month was 80.31 USD/bar, up by 2.07% from last month average. Similarly, OPEC's basket ended the month down by 7.66% to 75.24 USD/bar while average of the month was 79.39 USD/bar, up by 2.86% versus average of last month.

On interest rate issue, FOMC has no meeting this month and is still not expected to increase its rate on its meeting on 8<sup>th</sup> of the coming November (although another hike is expected before year end). On the local market, average of the Saudi Interbank rate for 6 months for October was 2.90614% p.a. (3.07% versus last month average) and closing at 2.94250% p.a. (2.04% versus closing of last month).

Regarding IPOs in the main market, only shares of National Company for Learning and Education were offered on October 22<sup>nd</sup>. Aside from that, there were no other listings or offerings on the Main Market (TASI) nor on the Nomu-Parallel Market during the month.

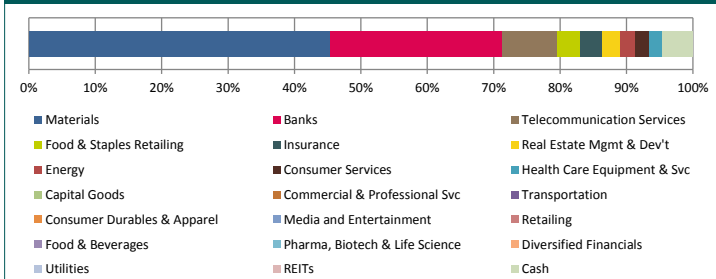
Several factors affected markets movement in general. Similar to the previous month, these included the continuing volatility in the oil market, the renewal of sanctions on Iran, in addition to the continuing trade tension between US and China. Investors were also weighting on the Q3 earnings season which showed (as of publishing this report) an 11% increase of total income of the market in the current third quarter versus third quarter of last year. Similarly and as expected, income of the two largest sectors in the market, Material and Banks, showed an increase of 12% and 11% respectively.

#### Fund's Information

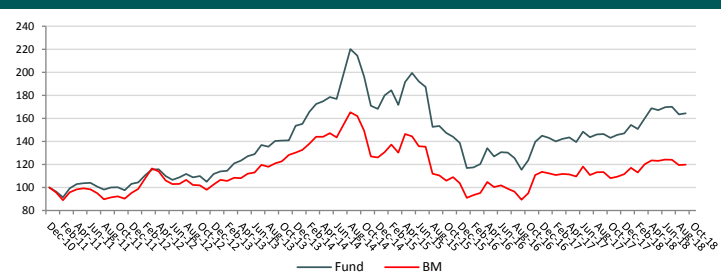
Fund Type	Open-ended Fund
Risk Level	High
Fund Manager	Alinma Investment Company
Fund Listing	Saudi Arabia
Launch Date	01 January 2011
Benchmark	Alinma Saudi Islamic Index by IdealRatings
Inception Price (SAR)	10.00
Unit Price (SAR)	15.90
AUM (SAR)	46,442,647.92
Base Currency	Saudi Riyal
Initial Investment (SAR)	5,000 for Individual / 20,000 for Institution
Subsequent Investment (SAR)	1,000 for Individual / 10,000 for Institution
Minimum Redemption (SAR)	1,000 for Individual / 10,000 for Institution
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

\* 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	-3.22%	-6.49%	8.24%	11.11%	28.61%	59.00%
BM	-1.85%	-5.12%	5.38%	8.93%	23.70%	17.64%
Gap	-1.37%	-1.37%	2.86%	2.18%	4.91%	41.36%

	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	6.10%	14.90%	0.31	3.21%	0.80	0.77
BM	2.10%	14.36%	0.04			

\* 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
1150	Alinma	Banks
1211	MAADEN	Materials
2310	Sipchem	Materials

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