

# Morgan Stanley Saudi Equity Fund

## Fund Aim

To provide long-term capital appreciation and growth by investing in securities listed on the Saudi Stock Exchange, Tadawul and in securities offered in the course of an Initial Public Offering (IPO) in the Kingdom of Saudi Arabia.

## Investment Process

The manager of the Morgan Stanley Saudi Equity Fund (Fund Manager) employs an active investment strategy by selecting securities which it believes will appreciate in value based on an analysis of sector and/or the expected return or growth of individual securities.

When selecting security investments for the Morgan Stanley Saudi Equity Fund, the Fund Manager adopts a long-term approach, focusing on the market price of a company's securities relative to the Fund Manager's evaluation of the company's potential long-term earnings, asset value and cash flow potential.

## Investment Philosophy

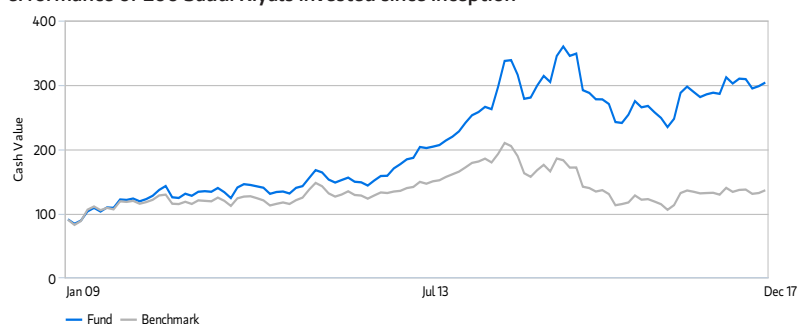
The Riyadh-based team believes that fundamentals-driven, stock-specific investing when carried out within the context of broad Saudi macroeconomic themes can be successful in creating value for investors. Furthermore, the current mix between retail and institutional investors creates intrinsic price anomalies that can be a potential source of additional returns. The team believes it can best exploit these anomalies by applying a top-down sector allocation and bottom up stock selection approach.

## Risk Management

Risk management is an integral part of the investment process, conducted at stock, sector and portfolio levels. At the stock level, the team focuses on developing a comprehensive understanding of company's fundamentals to minimize exposure to high risk or speculative stocks. At a sector level, the team monitors sector and industry allocations, with benchmark deviations confined to a defined range. At a portfolio level, tracking error is monitored.

## Returns in SAR versus Benchmark

Performance of 100 Saudi Riyals invested since inception



Please see important information section on next page.

## Annualized Performance in Saudi Riyal, net of fees, vs benchmark (%)

Period <sup>1,2</sup>	Fund	Benchmark
One Year	2.13	0.22
Three Years	2.70	(4.64)
Five Years	14.89	1.22
Since inception	13.17	3.53

## Risk Statistics<sup>3</sup>

	Fund	Benchmark
Alpha	7.34	-
Beta	0.91	1.00
Correlation	0.94	1.00
Tracking Error	5.45	-
Information Ratio	1.35	-

## Facts and Figures

Launch date	January 2009
Portfolio manager	Najmul Hasnain, CFA
Location of investment team	Riyadh, Saudi Arabia
Base currency	Saudi Riyal (SAR). 1 USD = 3.75
Benchmark	Tadawul All Share Index
Investment universe	All stocks listed on Tadawul
Minimum subscription	SAR 50,000 (USD 13,333)
Liquidity	Twice weekly, Sunday & Tuesday
Subscription fee	1.50% of NAV p.a.
Management fee	1.75% of NAV p.a.
Unit price	SAR
Total assets	SAR 26,692,250
Country of domicile	Kingdom of Saudi Arabia
Fund manager	Morgan Stanley Saudi Arabia
Custodian	HSBC Securities Ltd, Saudi Arabia
Auditor	Ernst & Young, Saudi Arabia

## Sector Allocation

	Fund
Financials	41.30
Materials	21.48
Real Estate	9.27
Health Care	8.23
Consumer Staples	4.92
Industrials	4.13
Telecommunication Services	3.74
Consumer Discretionary	3.41
Cash & Equivalents	3.52

## Footnotes

<sup>1</sup> Past performance is not a reliable indicator of future results. Returns may increase or decrease as a result of currency fluctuations. All performance data is calculated NAV to NAV, net of fees, and does not take account of commissions and costs incurred on the issue and redemption of units.

<sup>2</sup> The benchmark is a price return Index.

<sup>3</sup> The numbers are calculated on a rolling 3 years basis.

## Contact Details

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The investment performance of the Morgan Stanley Saudi Equity Fund is calculated on a total return basis (i.e., with cash dividend reinvested), while the investment performance of the benchmark is provided on price return basis (i.e., it does not include dividends). The dividend yield as per Bloomberg for TASI was 3.5% as of 31 December 2017.

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Funds that specialize in a particular region or market sector are more risky than those which hold a very broad spread of investments. Where portfolio concentration is in one sector it is subject to greater risk and volatility than other portfolios that are more diversified and the value of its shares may be more substantially affected by economic events.

These investments are designed for investors who understand and are willing to accept these risks. Performance may be volatile, and an investor could lose all or a substantial portion of his or her investment.

Please click this hyperlink to the [Information Memorandum](#) for further information regarding the principle risks, terms and conditions of investing in the Morgan Stanley Saudi Equity Fund.