



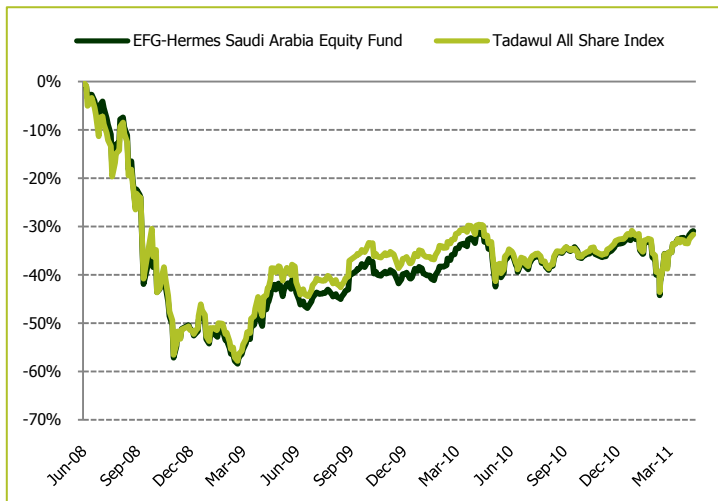
Fund Manager's Strategy & Outlook

The Saudi market maintained its positive performance in April with the Tadawul All Share Index gaining 2.3%. The Fund gained 3.1% during the month and is now up 3.6% YTD. The strong market performance was mainly driven by solid Q1 results especially from the petrochemical sector with earnings up 51% compared to the same period last year. Aggregate Q1 2011 earnings reached SAR 21.73 billion, up 24% YoY and the highest since Q3 2008.

Saudi Arabia's Purchasing Managers' Index (PMI), which reflects business sentiment and activity, stood at a solid level of 62.7 in April, just below March's 62.8. Also reflecting the country's strong economic outlook, the employment sub-index rose to 54.8 in April, its highest level since December 2009. However, April's index reading also reflected concerns over higher producer price inflation, with the input price sub-section reaching a series record high on the back of higher fuel and raw material costs. Saudi Arabia's private sector firms increased their tariffs in April to protect profit margins from rising input costs, leading to the sharpest output price inflation in almost a year. The IMF expects a real GDP growth rate of 7.5% and an inflation rate of 6% in 2011.

The top performing sector for the month was the retail sector, the Fund's biggest overweight, which gained 12%. The petrochemical sector was only 6% up for the month, having rallied 15% during March. On the other hand, Banks declined by 2% as Q1 earnings were muted mainly due to an increase in employee costs resulting from one-off bonuses in-line with the King's recent announcement. The Investment Manager booked profits in the petrochemical sector and increased exposure to the cement sector as well as cash levels.

With Q1 2011 results in the books, the Saudi market's correlation with global markets is expected to increase. While a potential slowdown in oil prices and global equity markets in the short term might put some pressure on the Saudi market, the Kingdom's strong macro position and expansionary fiscal spending coupled with solid first quarter results reflecting the health of the real economy should result in continued stock market strength.



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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	Difference
Month to Date	3.1%	2.3%	0.8%
Year to Date	3.6%	1.4%	2.2%
2010	12.7%	8.2%	4.5%
2009	22.4%	27.5%	-5.1%
2008 *	-51.6%	-51.1%	-0.5%
Inception to Date	-30.9%	-31.6%	0.7%

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

Fund Characteristics

No. of Holdings	27
Weighted Market Cap	SAR 70.1 billion
Dividend Yield*	2.5%
P/E Ratio 11	12.6x

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

Fund Metrics

	Saudi Fund	TASI
Volatility	27.7%	28.2%
Alpha *	1.8%	-
Beta *	0.98	-

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

Top Five Equity Holdings

Holding	Sector	% of NAV
Al Rajhi Bank	Banks & Financial Services	12.7%
SABIC	Petrochemicals	10.5%
Etihad Etisalat	Telecom & IT	7.4%
Samba Financial Group	Banks & Financial Services	6.5%
Riyad Bank	Banks & Financial Services	5.6%

Fund Data

NAV per Share	SAR 6.9102
Management Fee	2%
Minimum Subscription	SAR 50,000
Subscription / Redemption	Twice Weekly
Inception Date	June 17, 2008

Fund Identifiers

Bloomberg Ticker	EFGSAUD AB
Reuters Code	LP65122906

Allocation by Economic Sector

