



Fund Manager's Strategy & Outlook

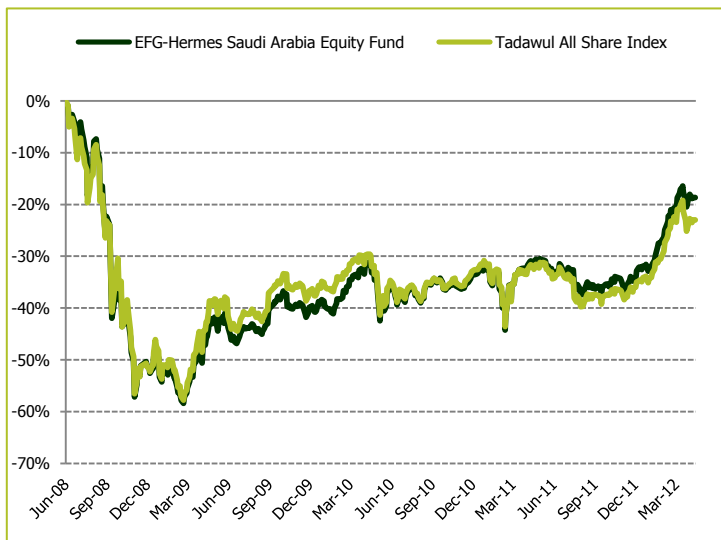
The Saudi market pulled back in April with the Tadawul All Share Index losing 3.5% for a YTD performance of 17.8%. The Fund lost 1.9% during the month and is now up 19.7% YTD. The mild correction came after a 4 month rally during which the TASI gained 28.4% and hence was healthy and largely expected by the Investment Manager. Turnover also dropped from its March highs to average USD 3.29 billion for the month.

First quarter results came out in April and were strong overall with aggregate earnings up 15.1% YoY. Telecoms results were among the market's best with YoY earnings growth of 68.8% driven by a surge in the local broadband business while banks reported a solid 22.5% YoY increase in earnings on the back of higher loan growth and fee income coupled with lower provisioning. On the other hand, petrochemicals profits dropped 11.7% YoY largely due to lower product prices.

The Kingdom's Purchasing Managers Index (PMI) rose to 60.4 points in April, its highest level since July 2011. The strong reading was backed by acceleration in new orders, which touched 70.1 points, and overall output, rising to 65.2 points. The employment sub-index jumped more than 3 points to 55.8, signalling the sustainability of the domestic demand theme.

The market's top performing sectors in April were cements and telecoms gaining 4.3% and 2.4% respectively, while the worst performers were the energy & utilities and building & construction sectors dropping 13.8% and 8.4% respectively. Petrochemicals underperformed losing 5.9% and banks fared slightly better with a 5.0% drop. The Investment Manager reduced exposure to industrials and building & construction companies and increased exposure to banks and retail companies during the month.

With 1Q2012 results in the books, the Saudi market's correlation with global markets is expected to increase given the absence of short term catalysts. After reshuffling positions and increasing exposure to benefit from the mid-month market rebound, The Investment Manager increased cash again while maintaining the Fund's largely defensive positioning in anticipation of increased volatility over the coming period on the back of heightened global economic concerns specifically in Europe.



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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**	-1.9%	-3.5%	1.6%
Year to Date	19.7%	17.8%	1.9%
2011	1.8%	-3.1%	4.9%
2010	12.7%	8.2%	4.5%
2009	22.4%	27.5%	-5.1%
2008*	-51.6%	-51.1%	-0.5%
Inception to Date	-18.7%	-23.0%	4.3%

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

** MTD figures reflect performance between March 31st, 2012 and April 30th, 2012

Fund Characteristics

No. of Holdings	24
Weighted Market Cap	SAR 55.5 billion
Dividend Yield*	2.7%
P/E Ratio 12	12.4x

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

Fund Metrics

	Saudi Fund	TASI
Volatility	25.4%	25.7%
Beta*	0.98	-

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

Top Five Equity Holdings

Holding	Sector	% of NAV
SABIC	Petrochemical Industries	8.7%
Al Rajhi Bank	Banks & Financial Services	8.6%
Samba Financial Group	Banks & Financial Services	5.9%
Etihad Etisalat	Telecom & IT	5.5%
Banque Saudi Faransi	Banks & Financial Services	5.1%

Fund Data

NAV per Share	SAR 8.1340
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

