



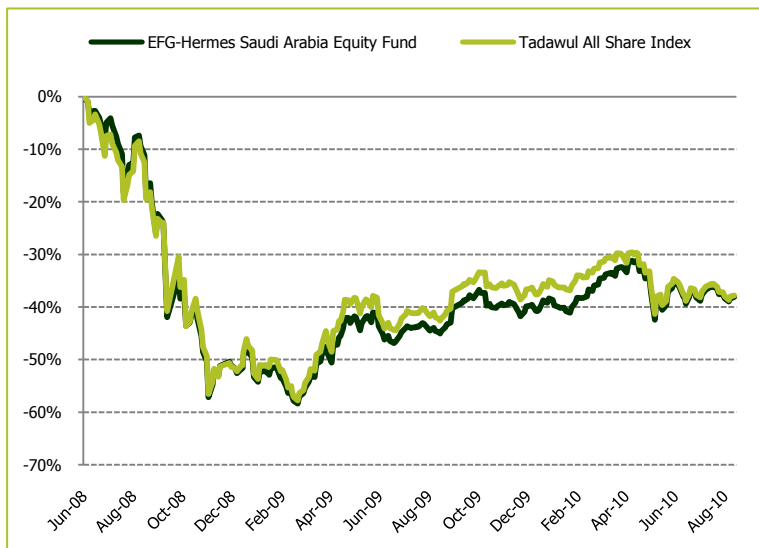
Fund Manager's Strategy & Outlook

On the back of continued volatility and lackluster activity during the Holy Month of Ramadan, the EFG-Hermes Saudi Arabia Equity Fund declined 2.6% bringing its YTD performance to +4.5%. The Tadawul All Share Index (TASI) declined 2.8% to bring its YTD performance to -0.3%. Despite this decline and muted volumes in August, recent positive news and economic indicators should drive positive outperformance going into the last quarter of the year.

The two main drivers of negative performance in August were anemic volumes and downward pressure on oil prices. For the first time since the bourse's inception, the Tadawul All Share Index (TASI) traded below SAR 1 billion on August 30th, 2010. Due to this inactivity and mixed macro data from developed markets in Europe and the U.S., the trading direction of Saudi companies remained random at best. Oil prices also struggled to stay above USD 70 per barrel in August due to speculation of slowing growth and rising inventories.

Trading volumes are expected to recover strongly in September as the Eid holiday concludes. This pick-up in activity coupled with better than anticipated economic data from the U.S. and China should help the TASI recoup recent losses. The IMF recently noted that the Kingdom's economic outlook remains broadly positive, and upwardly revised their non-oil GDP growth projection to 4.3% for 2010. The IMF also asserted that a sharp decline in oil prices is very unlikely, and the economy will continue to benefit from expansionary fiscal policies as the government endorsed a new five-year plan focusing on infrastructure, healthcare and education. This plan budgeted at USD 385 billion is 67% more than the Kingdom's previous five-year program, and reaffirms the government's commitment to aggressive economic diversification and job creation.

The Investment Manager remains positive on the financial and petrochemical sectors going into the Q3 earnings season. Financial names should benefit from a pick-up in credit growth in the Kingdom and the government's maintaining of accommodative fiscal policies. Petrochemical names will continue to benefit from their competitive advantages in feedstock, higher petrochemical prices and the recent recovery in fertilizer prices due to Russia's recent wheat ban. The Investment Manager believes the Saudi market will continue to outperform in the medium-term, and will be a prime beneficiary of increased stability and optimism in the global economy.



Hashem Montasser – Head of Asset Management
Majed Kabbara – Fund Manager
Mohamed Abdel Halim – Director

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	-2.6%	-2.8%	0.2%
Year to Date	4.5%	-0.3%	4.8%
2009	22.4%	27.5%	-5.1%
2008 *	-51.6%	-51.1%	-0.5%
Inception to Date	-38.1%	-37.8%	-0.3%

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

Fund Characteristics

No. of Holdings	36
Weighted Market Cap	SAR 58.7 billion
Dividend Yield*	2.5%
P/E Ratio 10	12.5x

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

Fund Metrics

	Saudi Fund	TASI
Volatility	29.5%	30.0%
Beta *	0.96	-

*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	11.0%
SABIC	Petrochemicals	10.0%
Samba Financial Group	Banks & Financial Services	6.3%
Etiihad Etisalat	Telecom & IT	5.3%
Bank Saudi Faransi	Banks & Financial Services	4.2%

Fund Data

NAV per Share	SAR 6.1873
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

