



### Fund Manager's Strategy & Outlook

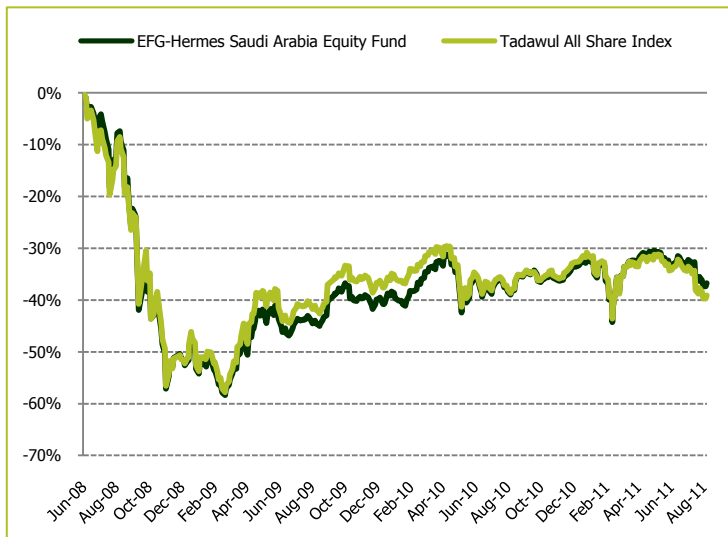
The Saudi market witnessed a sharp decline in August with the Tadawul All Share Index losing 6.5%. The Fund lost 5.5% during the month for a YTD performance of -5.2% compared to -9.7% for the TASI index. The weak market performance was triggered by the S&P downgrade of the US sovereign credit rating which resulted in a sell-off in global as well as regional markets.

Saudi Arabia's Purchasing Managers Index (PMI) fell to an 18-month low of 57.9 points in August. This decline was largely expected given the quiet summer month of August, which also coincided with the Holy month of Ramadan. However, the index is still solidly above the 50 level, reflecting growth in the economy. Most sub-indices declined, including the new orders index and the employment index. Input and output price indices also fell during the month reflecting reduced price pressures.

SAMA's latest banking sector data showed that private sector credit grew at its fastest pace for the year, rising 1.5% MoM in July. Consumer lending continues to be the driving force while corporate loan growth also appears to be strengthening. The sector's aggregate profits rose 16.7% MoM to SAR 3 billion, the highest monthly profit in two years. Credit growth and wider monthly indicators continue to reflect the strengthening economic activity resulting from high government spending and investment.

The petrochemical sector was the worst performer during the month losing 11% on the back of its high exposure to the global economy. Oil prices (WTI) dropped 7.6% during the same period. On the other hand, retail – the Fund's biggest overweight – was one of the best performing sectors ending the month flat. The Investment Manager increased exposure to the retail and agriculture sectors and reduced cash levels during the month.

With continued uncertainty regarding the health of the global economy as well as the European sovereign debt issues, the Investment Manager expects the Saudi market to be highly volatile in the short term. However, once global markets stabilize, we expect the Saudi market to rebound strongly on the back of the country's solid economic fundamentals and its expansionary monetary and fiscal policies.



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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**	-5.5%	-6.5%	1.0%
Year to Date	-5.2%	-9.7%	4.5%
2010	12.7%	8.2%	4.5%
2009	22.4%	27.5%	-5.1%
2008*	-51.6%	-51.1%	-0.5%
Inception to Date	-36.8%	-39.1%	2.3%

\*Fund's inception date was June 17<sup>th</sup>, 2008

\*\* MTD figures reflect performance between July 31<sup>st</sup>, 2011 and August 31<sup>st</sup>, 2011

### Fund Characteristics

No. of Holdings	27
Weighted Market Cap	SAR 55.3 billion
Dividend Yield*	2.7%
P/E Ratio 11	11.4x

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

### Fund Metrics

	Saudi Fund	TASI
Volatility	26.4%	26.9%
Beta *	0.97	-

\*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	11.4%
SABIC	Petrochemical Industries	9.7%
Etihad Etisalat	Telecom & IT	8.6%
Samba Financial Group	Banks & Financial Services	5.7%
Banque Saudi Faransi	Banks & Financial Services	5.6%

### Fund Data

NAV per Share	SAR 6.3244
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

