



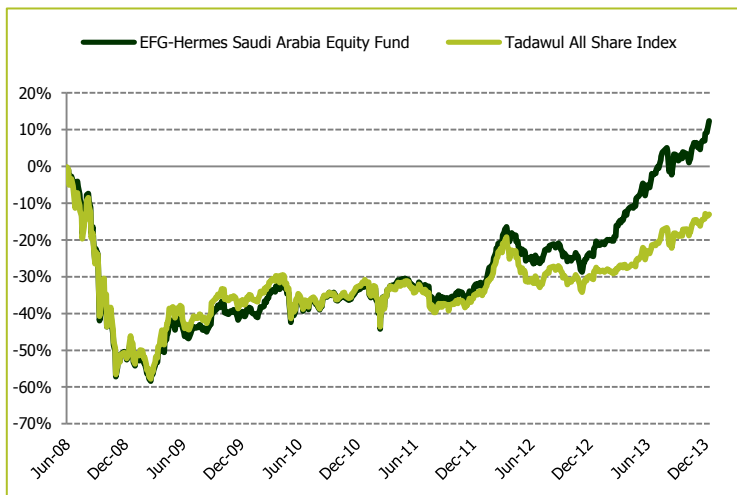
Fund Manager's Strategy & Outlook

The Saudi market closed the year strongly with the Tadawul All Share Index gaining 2.5% in December to end 2013 with a return of 25.5%. The Fund gained 6.1% during the month for a 48.8% gain in 2013. Turnover was flat with the daily traded value averaging USD 1.3 billion in December.

The Saudi government announced the budget for the year 2014 with budgeted spending coming at SAR 855 billion, 4.3% higher than the 2013 level. While the budget is a continuation of the government's expansionary fiscal policy, it reflected a shift towards a more sustainable level of spending. The government expects a balanced budget in 2014 with budgeted revenues also coming at SAR 855 billion; however, we believe oil prices will remain well above the typically conservative government estimate and hence 2014 is expected to see another fiscal surplus. Current spending is budgeted at SAR 607 billion while capital spending is budgeted at SAR 248 billion with education, healthcare, and transportation receiving the highest allocation.

All sectors were up in December except cements and real estate, dropping by 4.8% and 0.9% respectively. Transportation and insurance – the Fund's top two overweight sectors during the month – were among the top performing sectors rallying by 7.5% and 8.5% respectively. Petrochemicals strongly outperformed gaining 6.5% while banks underperformed edging up 1.4%. The Investment Manager reduced exposure to retail and energy & utilities and increased exposure to petrochemicals and insurance during the month.

The strong 25.5% market performance in 2013 was largely driven by sharp rallies in consumer and real estate names while the performance of petrochemicals and banks was more or less in line with the market. The Investment Manager believes the market will continue its positive performance in 2014 on the back of a better outlook for petrochemicals and banks in addition to further upside in select consumer and infrastructure related companies.



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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 ¹	Difference
Month to Date **	6.1%	2.5%	3.6%
Year to Date	48.8%	25.5%	23.3%
2012	11.2%	6.0%	5.2%
2011	1.8%	-3.1%	4.9%
2010	12.7%	8.2%	4.5%
2009	22.4%	27.5%	-5.1%
Inception to Date *	12.4%	-13.0%	25.4%

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

** MTD figures reflect performance between November 30th, 2013 and December 31st, 2013

¹ TASI is a price return index

Fund Characteristics

No. of Holdings	29
Weighted Market Cap	SAR 60.5 billion
Dividend Yield *	2.8%
P/E Ratio 14	12.3x

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

Fund Metrics

	Saudi Fund	TASI
Volatility	22.7%	22.5%
Beta *	0.99	-

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

Top Five Equity Holdings

Holding	Sector	% of NAV
SABIC	Petrochemical Industries	9.8%
Al Rajhi Bank	Banks & Financial Services	9.6%
Etihad Etisalat	Telecom. & Information Tech.	6.4%
Samba Financial Group	Banks & Financial Services	5.3%
Al Inma Bank	Banks & Financial Services	4.8%

Fund Data

NAV per Share	SAR 11.2348
Management Fee	2%
Minimum Subscription	SAR 50,000
Subscription / Redemption	Twice Weekly
Inception Date	June 17, 2008

Fund Identifiers

ISIN Code	XC000A1W4DX3
Bloomberg Ticker	EFGSAUD AB
Reuters Code	LP65122906

Allocation by Economic Sector

