



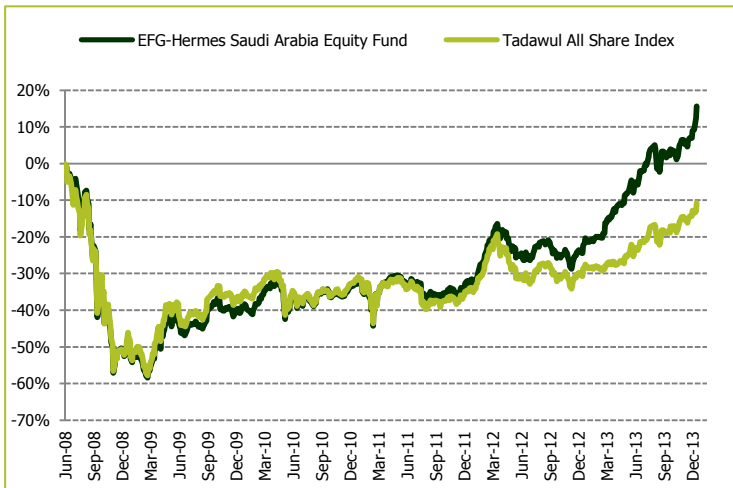
### Fund Manager's Strategy & Outlook

The Saudi market had another robust performance in February with the Tadawul All Share Index gaining 4.0% to end the month with a YTD return of 6.7%. The Fund gained 7.8% during the month and is now up 10.9% YTD. Turnover continued to increase with the daily traded value averaging USD 1.8 billion in February.

The Saudi Arabian Monetary Agency's latest data release for the month of January showed aggregate banking sector monthly profits rising to an all-time high of SAR 3.6 billion, a 13% YoY increase. Loan growth increased 12.3% with long-term loans reporting the strongest increase while short to medium term loans declined. Deposits grew 13.3% YoY, outpacing loan growth. Demand deposits grew strongly while time deposits declined. We maintain our positive view on Saudi banks on the back of their strong loan growth, stabilizing net interest margins, and slowing provisions.

All sectors were up in February, except multi-investment and transportation losing 0.6% and 0.2% respectively. Hotels and real estate were the top two performing sectors rallying 13.9% and 13.8% respectively. On the other hand, banks and petrochemicals underperformed gaining 2.5% and 1.5% respectively. The Investment Manager reduced exposure to cements and insurance companies and increased exposure to retail and petrochemical companies during the month.

Despite the strong momentum which has driven the market to fresh multi-year highs on higher than average daily turnover, the Investment Manager remains cautious on the market in the short term. Having said that, any meaningful pullback is seen as an opportunity to re-build positions in high conviction names that were either trimmed or fully liquidated on valuation grounds.



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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 <sup>1</sup>	Difference
Month to Date**	7.8%	4.0%	3.8%
Year to Date	10.9%	6.7%	4.2%
2013	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*	24.6%	-7.2%	31.8%

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

\*\* MTD figures reflect performance between January 31<sup>st</sup>, 2014 and February 28<sup>th</sup>, 2014

<sup>1</sup>TASI is a price return index

### Fund Characteristics

No. of Holdings	31
Weighted Market Cap	SAR 58.1 billion
Dividend Yield*	2.0%
P/E Ratio 14	13.2x

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

### Fund Metrics

	Saudi Fund	TASI
Volatility	22.6%	22.2%
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	9.6%
Al Rajhi Bank	Banks & Financial Services	7.4%
Etihad Etisalat	Telecom & IT	5.9%
Samba	Banks & Financial Services	5.1%
Arab National Bank	Banks & Financial Services	5.0%

### Fund Data

NAV per Share	SAR 12.4585
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

