



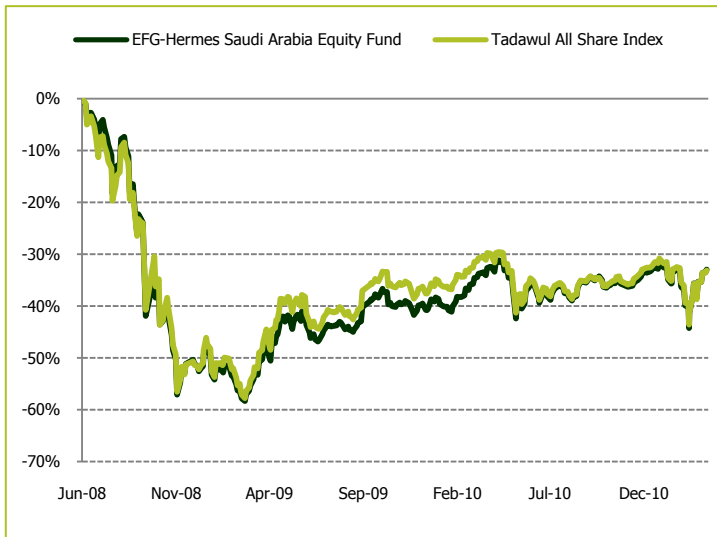
### Fund Manager's Strategy & Outlook

March witnessed a strong recovery in the Saudi market following sharp declines in previous months as geopolitics took a backseat to a favorable economic outlook. The planned March 11 "day of rage" in the Kingdom was largely a non-event, and several positive economic catalysts were announced. The Fund gained 11.9% during the month outperforming the Tadawul All Share Index by 1.4%. The Fund's high equity exposure and stock selection led to this outperformance and is now in positive territory YTD returning +0.5%.

King Abdullah announced a SAR500 billion social spending and development package, with about SAR200 billion slated for this year alone. The Kingdom's strong foreign reserves and current high oil prices coupled with increased production facilitate such massive spending without compromising the Kingdom's financial strength. The package includes a minimum wage and a onetime bonus for government employees, unemployment allowances, a boost in housing loans and an increase in health spending. The package also includes SAR250 billion in funding for the construction of 500,000 housing units, and 60,000 new jobs in the public sector.

The top performing sector for the month was petrochemicals, which rose 15% as oil prices were rallying. The banking sector, on the other hand, rose 10% on the back of lower provisions and a pickup in lending growth in addition to the spending program announcement. The Investment Manager booked profits in the petrochemical and banking sectors and increased exposure to the retail sector. The government's populist measures are expected to inevitably drive increased discretionary consumer spending, and the portfolio is being positioned accordingly.

In the coming weeks, the Investment Manager expects the market to be driven by Q1 results with no clear direction until announcements finish on April 21<sup>st</sup>. The market may witness some profit-taking given the market's strong recovery from earlier lows. While the regional political situation remains somewhat uncertain, lower political risk in Saudi Arabia coupled with accommodating government measures will drive economic growth and thus market performance.



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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	11.9%	10.5%	1.4%
Year to Date	0.5%	-0.9%	1.4%
2010	12.7%	8.2%	4.5%
2009	22.4%	27.5%	-5.1%
2008 *	-51.6%	-51.1%	-0.5%
Inception to Date	-33.0%	-33.1%	0.1%

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

### Fund Characteristics

No. of Holdings	29
Weighted Market Cap	SAR 61.2 billion
Dividend Yield*	2.8%
P/E Ratio 11	12.4x

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

### Fund Metrics

	Saudi Fund	TASI
Volatility	28.0%	28.5%
Alpha *	2.0%	-
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	12.3%
SABIC	Petrochemicals	8.9%
Etihad Etisalat	Telecom & IT	6.8%
Samba Financial Group	Banks & Financial Services	6.7%
Riyad Bank	Banks & Financial Services	5.4%

### Fund Data

NAV per Share	SAR 6.7026
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

