



Fund Manager's Strategy & Outlook

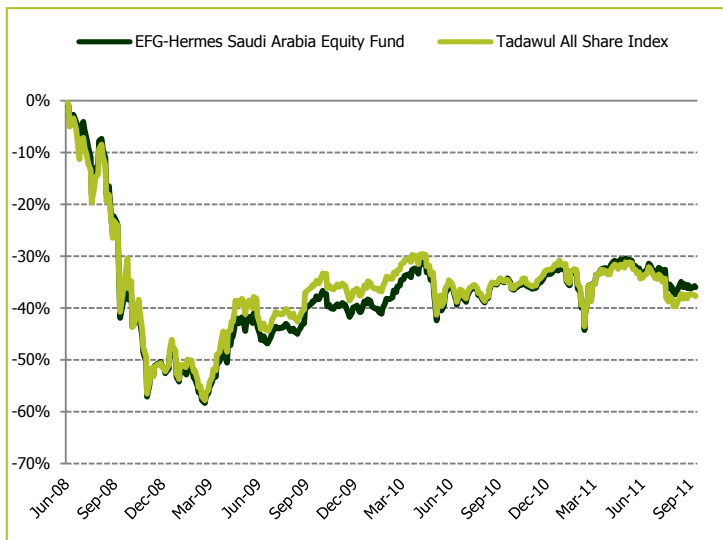
The Saudi market was resilient in September with the Tadawul All Share Index gaining 2.2%. The Fund gained 1.2% during the month for a YTD performance of -4.1% compared to -7.7% for the TASI index. The market rallied sharply on its first day of trading post the week-long Eid break and then traded sideways till month end on the back of continued concerns of a double dip recession and the Eurozone debt woes.

Saudi Arabia was ranked among the top 20 most competitive economies in the world according to the annual Global Competitiveness Report, released in September by the World Economic Forum. The Kingdom improved its ranking to 17th from 21st last year. Saudi Arabia scored high on financial markets development and came in 16th in terms of securities exchange regulation, highlighting the young Capital Market Authority's commendable achievements.

Aggregate Saudi cement sales increased 33.7% YoY in September. Total sales reached 3.3 million tons, a 27.4% increase compared to August 2011. The rebound in cement sales was largely expected following the slow summer month of August, which also coincided with the Holy month of Ramadan. The Kingdom's heavy construction and infrastructure spending is expected to continue to drive strong demand for cement and other building materials over the medium term.

The top performing sectors in September were the highly volatile smaller sectors such as Media & Publishing, Insurance, and Hotel and Tourism. Petrochemicals outperformed the index gaining 4.0% while Banks underperformed losing 0.5%. The Investment Manager increased exposure to Petrochemicals and reduced exposure to the Building & Construction sector.

As we head into Q4, the main driver for the Saudi market will be Q3 results. The Investment Manager expects strong YoY earnings growth from banks, petrochemical companies, and consumer companies on the back of lower provisions, higher oil prices, and strong consumer spending respectively.



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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**	1.2%	2.2%	-1.0%
Year to Date	-4.1%	-7.7%	3.6%
2010	12.7%	8.2%	4.5%
2009	22.4%	27.5%	-5.1%
2008*	-51.6%	-51.1%	-0.5%
Inception to Date	-36.0%	-37.7%	1.7%

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

** MTD figures reflect performance between August 31st, 2011 and September 30th, 2011

Fund Characteristics

No. of Holdings	26
Weighted Market Cap	SAR 60.1billion
Dividend Yield*	2.4%
P/E Ratio 11	12.2x

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

Fund Metrics

	Saudi Fund	TASI
Volatility	26.0%	26.6%
Beta *	0.97	-

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

Top Five Equity Holdings

Holding	Sector	% of NAV
SABIC	Petrochemical Industries	11.7%
Al Rajhi Bank	Banks & Financial Services	9.9%
Etihad Etisalat	Telecom & IT	8.5%
Samba Financial Group	Banks & Financial Services	6.1%
Banque Saudi Faransi	Banks & Financial Services	5.9%

Fund Data

NAV per Share	SAR 6.4017
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

