

Fund Manager's Strategy & Outlook

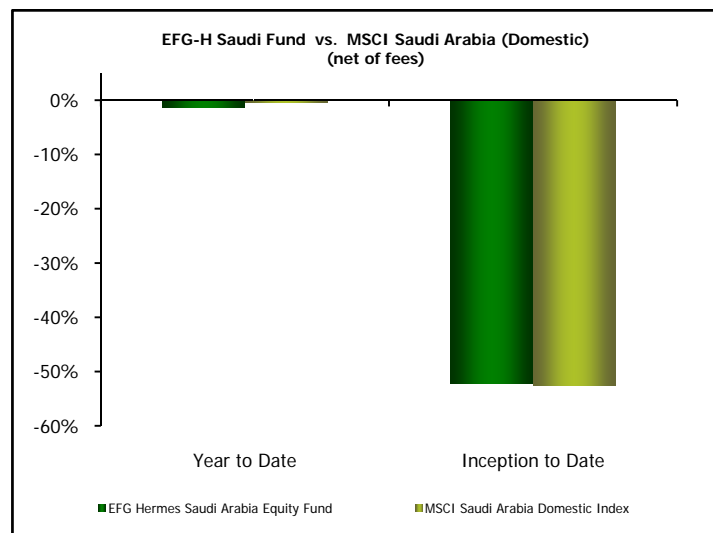
The Saudi market experienced a modest decline in January with the MSCI Saudi Arabia Domestic Index losing 0.5% and the Fund declining by 1.2%.

Over the past month, the Investment Manager continued to increase exposure to more defensive sectors such as telecommunications, agriculture and retail. The Investment Manager increased exposure to the Saudi telecommunication space amid the release of strong results and significant dividend announcements. The Investment Manager has also increased exposure in companies in the agriculture and retail sectors which have historically proven to be defensive in turbulent market conditions. The Fund's holdings in less defensive, more cyclical plays namely the banking and petrochemical sectors have also been reduced.

The Saudi government continues to proactively support the economy through various tools at its disposal. As inflation concerns dissipate, SAMA moved to further cut the benchmark lending rate by 0.5% bringing it down to 2.0%, while the deposit rate was cut from 1.5% to 0.75%. Although there are less liquidity concerns in the Kingdom versus other countries in the region, further monetary loosening will ensure commercial liquidity needs are met.

In another move aimed at providing necessary liquidity for key investment projects, the Kingdom's Public Investment Fund (PIF) increased the cap on the percentage of a project to which it will provide lending from 30% to 40%; PIF also placed an overall cap on the total size of loans from SAR 3.750 billion to SAR 4.875 billion.

The Investment Manager is maintaining a cautious outlook on the market in the short-term, as we believe the volatility in the market will continue to provide attractive buying opportunities as dislocations continue. Meanwhile, the Investment Manager believes that Saudi Arabia can easily cover the fiscal and current account deficits due to their buildup in net foreign assets, the expansionary budget, and the continuation of the Kingdom's investment program.



Hashem Montasser- Managing Director

Mohammed Abdel Halim – Senior Vice President

Tel: +971 (0) 50 550 6967

E-mail: AMsales@efg-hermes.com

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

Returns	EFG Saudi Arabia Fund	MSCI Saudi Arabia Domestic Index	Difference
Month to Date	-1.2%	-0.5%	-0.7%
Year to Date	-1.2%	-0.5%	-0.7%
2008	-51.6%	-52.4%	0.8%
Inception to Date	-52.2%	-52.6%	0.4%

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

Fund Information

NAV per share	SAR 4.7760
Launch Date	17 June, 2008
Structure	Open Ended
Management fee	2%
Minimum Subscription	SAR 50,000
Subscription/Redemption	Twice Weekly

Fund Identifiers

Bloomberg Ticker	EFGSAUD AB
Reuters Code	LP65122906

Fund Characteristics

No. of Holdings	26
P/E Ratio 09	7.5x

Top 5 Holdings

Holding	Sector	Holding %
Al Rajhi	Banks & Financial Services	10.1%
SABIC	Petrochemicals	9.8%
Saudi Telecom Company	Telecom & IT	8.5%
SA Fertilizers	Petrochemicals	6.7%
Etihad Etisalat	Telecom & IT	5.7%

Fund Sector Allocation

