

Fund Manager's Strategy & Outlook

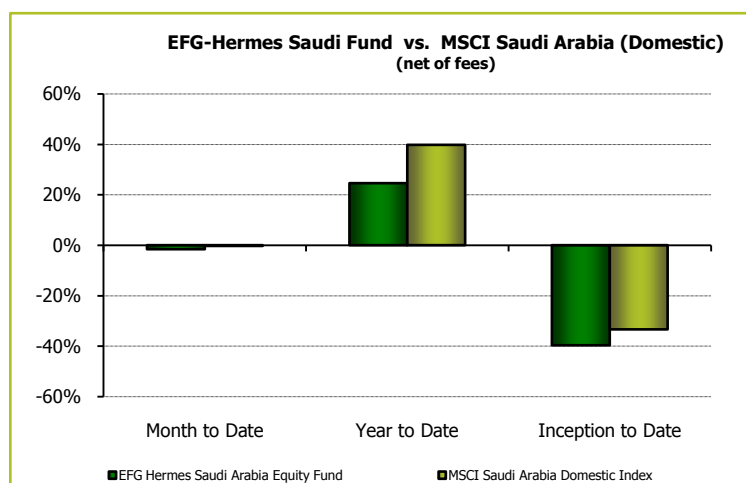
The Saudi Fund lost 1.62% over the past month versus the MSCI Saudi Arabia Domestic Index which lost 0.31% and the TASI which lost 0.85%.

The main highlights of the past period were the much anticipated third quarter results. Strong results provided a catalyst for a rally especially following better than expected earnings from market heavyweight Sabic. The petrochemicals sector in general is seeing increased interest especially with several companies recently starting commercial operations; this renewed confidence should reflect positively on sector performance if oil prices continue to trade at their current levels around the USD 80/bbl level.

In the financial services sector most banks took lower provisions than expected in Q3. These provisions may increase in Q4 especially as the Al Gosaibi issue is yet to be resolved. Coupled with slow loan growth, this may not bode well for the banks' short-term outlook.

Consumer driven sectors such as retail and agriculture have reported solid results signaling high consumer confidence levels and highlighting the favorable demographics of the Kingdom's population which boasts high consumer purchasing power. Meanwhile, the building and construction sector reported disappointing results on the back of continued delays of projects and slower than expected demand. As projects kick-off on a large scale going into 2010 these companies are poised for recovery in the short-term.

The Investment Manager increased exposure during the month in anticipation of the rally and then booked some profits later in the month which resulted in lower Fund exposure. Absent local catalysts, the Saudi market typically looks for cues from the global markets, which has recently led to slight market weakness with the index coming off its recent highs. The Investment Manager believes that current market conditions offer an opportunity to increase exposure and reposition the Fund for the coming period.



Hashem Montasser – Head of Asset Management

Mohamed Abdel Halim – Director
Tel: 9714-363 4047 / Fax: 9714-362 1171
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-Hermes Saudi Fund	MSCI Saudi Arabia Domestic Index	Difference
Month to Date	-1.6%	-0.3%	-1.3%
Year to Date	24.6%	39.8%	-15.2%
2008 *	-51.6%	-52.4%	0.8%
Inception to Date	-39.7%	-33.4%	-6.3%

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

Fund Information

NAV per share	SAR 6.0270
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	35
P/E Ratio 10	12.8x

Top 5 Holdings

Holding	Sector	Holding %
Al Rajhi	Banks & Financial Services	10.9%
SABIC	Petrochemicals	9.7%
Saudi Telecom Company	Telecom & IT	5.4%
Samba Financial Group	Banks & Financial Services	3.9%
Savola Group	Agriculture & Food Industries	3.5%

Allocation by Economic Sector

