

### Fund Manager's Strategy & Outlook

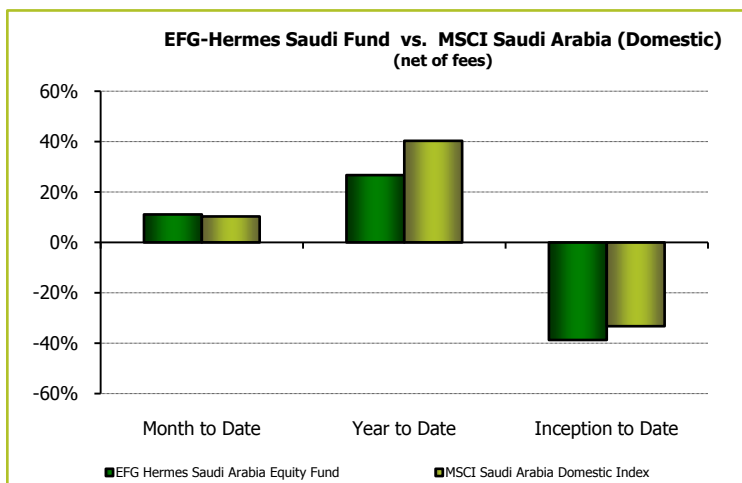
The Saudi Fund gained 11.1% in September versus the MSCI Saudi Arabia Domestic index which gained 10.3% and the TASI which gained 11.7%. The Saudi market rebounded strongly during the month as investor confidence continued to return to the market.

The Investment Manager continued to increase exposure to the banking and financial sector on the back of improving sentiment, recovering credit markets, and the announcement that the Saad Group has reached an agreement with local banks to restructure its debt. Central Bank data that was recently published show loan growth continuing to edge up in the Kingdom signaling improved confidence. As banks continue to regain their risk appetite and increase lending, we expect to see positive effects across the board with the building & construction, real estate, and cement sectors potentially benefitting the most.

The Fund's exposure continued to increase during the month and has now reached 96%. The Investment Manager will look to rotate out of names that have performed strongly and into companies with sound fundamentals and valuations that have lagged in the rally.

Oil prices continue to trade within a range of USD65 to USD75 a barrel, which is well above the projected price used in the Kingdom's budget and below inflationary levels. Even with increased spending, the government is expected to have a minimal fiscal deficit and could post a fiscal surplus if prices remain above USD70/barrel for the remainder of the year. Fundamentals continue to play in Saudi Arabia's favor with its high saving rates, population growth, and its government-backed infrastructure and development program.

The Investment Manager will continue to monitor the banking sector very closely given its importance and potential effect on other industries. In the coming period, Q3 results will provide the market with a better opportunity to assess the future outlook of various companies and the effect of the government's continuation with its infrastructure spending program.



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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

Returns	EFG-Hermes Saudi Fund	MSCI Saudi Arabia Domestic Index	Difference
Month to Date	11.1%	10.3%	0.8%
Year to Date	26.7%	40.3%	-13.6%
2008 *	-51.6%	-52.4%	0.8%
Inception to Date	-38.7%	-33.2%	-5.5%

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

### Fund Information

NAV per share	SAR 6.1264
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	34
P/E Ratio 09	13.3x

### Top 5 Holdings

Holding	Sector	Holding %
Al Rajhi	Banks & Financial Services	11.2%
SABIC	Petrochemicals	10.6%
Saudi Telecom Company	Telecom & IT	6.1%
Samba Financial Group	Banks & Financial Services	5.5%
Riyadh Bank	Banks & Financial Services	4.0%

### Allocation by Economic Sector

