



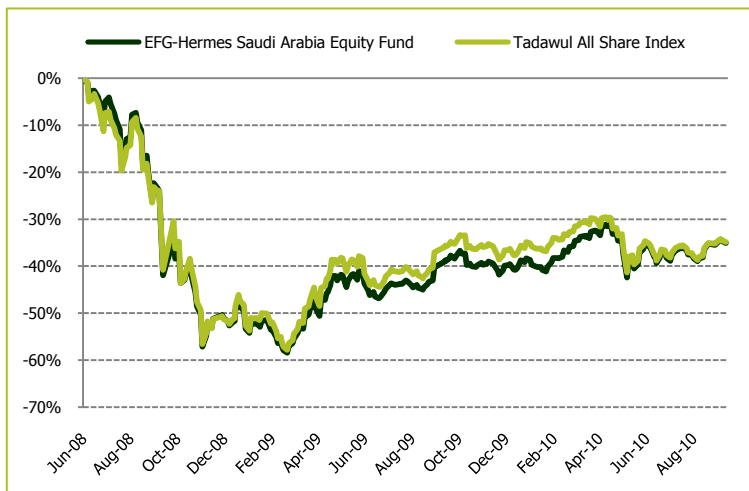
Fund Manager's Strategy & Outlook

On the back of a broad global market recovery, the EFG-Hermes Saudi Arabia Equity Fund gained 4.9% bringing its YTD performance to +9.6%. The Tadawul All Share Index (TASI) rose slightly less adding 4.7% over the month bringing its YTD performance to 4.4%. Positive macroeconomic data, strong commodity prices and a strong recovery in trading volumes drove outperformance in September as we head into the Q3 earnings season.

The main drivers of positive performance in the Saudi market were recovering oil prices and the Kingdom's commitment to low interest rates. Firstly, the price of oil rebounded to USD80 per barrel on the back of stronger than expected manufacturing and retail data from the U.S. and Asia, and significant weakening of the US dollar. Commodity linked names and themes in the Kingdom were prime beneficiaries of this dollar weakening. Secondly, Saudi Arabia's Central Bank Governor, Muhammad al-Jasser, reiterated that the Kingdom will not change interest rates at this time. While inflation has started to steadily rise, stricter monetary policies are unlikely to help. The main drivers of inflation have been attributed to rising food and housing prices, rather than monetary drivers such as private sector credit and money supply growth. The Saudi government will continue to favor fiscal policies in curbing inflationary pressures in the near term, while still maintaining an aggressive 2010 expansionary budget with total spending to increase by 13.7%.

The Investment Manager was well-poised to capture the rally in September increasing overall equity exposure by roughly 5%. The Investment Manager increased the Fund's allocation to the high-beta petrochemical sector which rallied 8.2% over the month. This was the Tadawul All Share Index's best performing sector after the highly speculative and volatile insurance sector which gained 9.1% MTD. The Fund continues to outperform the market with an annual active return of 5.2%, while still maintaining lower volatility.

The Investment Manager continues to be constructive on the broader Saudi market in the last quarter of the year, but does see the potential for some profit-taking and volatility in the short-term. The upcoming earnings season is expected to be largely uneventful with most companies reporting earnings that are flat QoQ, which are in-line with consensus expectations. Retail companies that benefited from increased spending during Ramadan, as well as petrochemical names with recent capacity increases are potential exceptions to this earnings outlook.



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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	4.9%	4.7%	0.2%
Year to Date	9.6%	4.4%	5.2%
2009	22.4%	27.5%	-5.1%
2008 *	-51.6%	-51.1%	-0.5%
Inception to Date	-35.1%	-34.9%	-0.2%

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

Fund Characteristics

No. of Holdings	34
Weighted Market Cap	SAR 60.6 billion
Dividend Yield*	2.5%
P/E Ratio 10	12.9x

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

Fund Metrics

	Saudi Fund	TASI
Volatility	29.2%	30.0%
Beta *	0.96	-

*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	11.1%
SABIC	Petrochemicals	10.7%
Samba Financial Group	Banks & Financial Services	6.2%
Etihad Etisalat	Telecom & IT	5.1%
Riyad Bank	Banks & Financial Services	4.1%

Fund Data

NAV per Share	SAR 6.4906
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

