



### Fund Manager's Strategy & Outlook

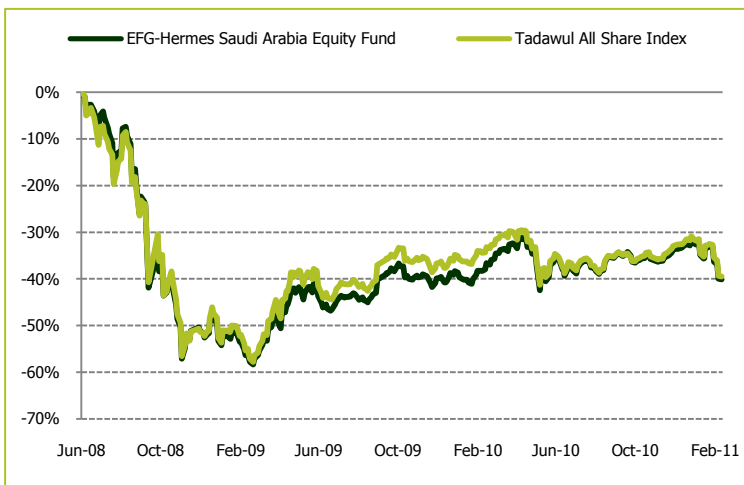
The EFG-Hermes Saudi Arabia Equity Fund lost 6.9% during the month of February while the Tadawul All Share Index shed 6.6% on the back of continued political unrest across the MENA region.

Protests in neighboring Bahrain and Oman had particularly adverse effects on investor sentiment with the former being in close proximity to the Kingdom's oil installations in the eastern province. Despite political uncertainty, real economic indicators of the Saudi economy remained robust in February with PMI data reflecting strong production and new orders as well as easing inflation.

Upon King Abdullah's return to Saudi Arabia from medical treatment, he announced a new series of economic measures including additional social benefits, financial assistance for education and housing, and support for the private sector through increased funding for small businesses. We estimate that these measures will add around SAR100 billion to the announced 2011 budgeted expenditure of SAR580 billion. The increase in government spending should benefit several economic sectors without having any material negative effect on the country's strong fiscal position. This is due to the recent surge in oil prices and the increase in Saudi oil production to compensate for the disruption in oil supply from Libya. Saudi Arabia currently controls most of the world's spare production with around 3.8 million barrels per day being defined as 'swing' capacity.

Over the month, the Investment Manager reduced the Fund's overweight to banks and industrial investment companies, and also reduced exposure to the agricultural sector. The sale of these investments was used to build cash and increase exposure to selective names in the retail sector that were trading at relatively attractive valuations. Notably, the telecommunications sector declined more than any other sector in February despite its defensive nature, highlighting the indiscriminate and sentiment-driven nature of the recent sell-off.

The Investment Manager expects the Saudi market to rebound significantly after its weak performance thus far in 2011. However, calls for upcoming protests in the Kingdom may keep market performance volatile in the coming few weeks. We continue to believe contagion risk in the Kingdom remains relatively low, but we do not expect the market to fully reflect the solid fundamentals of the economy until regional political stability is relatively restored.



EFG-Hermes Asset Management

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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	-6.9%	-6.6%	-0.3%
Year to Date	-10.2%	-10.3%	0.1%
2010	12.7%	8.2%	4.5%
2009	22.4%	27.5%	-5.1%
2008 *	-51.6%	-51.1%	-0.5%
Inception to Date	-40.1%	-39.5%	-0.6%

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

### Fund Characteristics

No. of Holdings	25
Weighted Market Cap	SAR 61.9 billion
Dividend Yield*	2.7%
P/E Ratio 10	12.7x

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

### Fund Metrics

	Saudi Fund	TASI
Volatility	27.3%	28.1%
Alpha *	2.1%	-
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	12.5%
SABIC	Petrochemicals	10.9%
Samba Financial Group	Banks & Financial Services	8.3%
Riyad Bank	Banks & Financial Services	6.7%
Etihad Etisalat	Telecom & IT	6.3%

### Fund Data

NAV per Share	SAR 5.9915
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

