



### Fund Manager's Strategy & Outlook

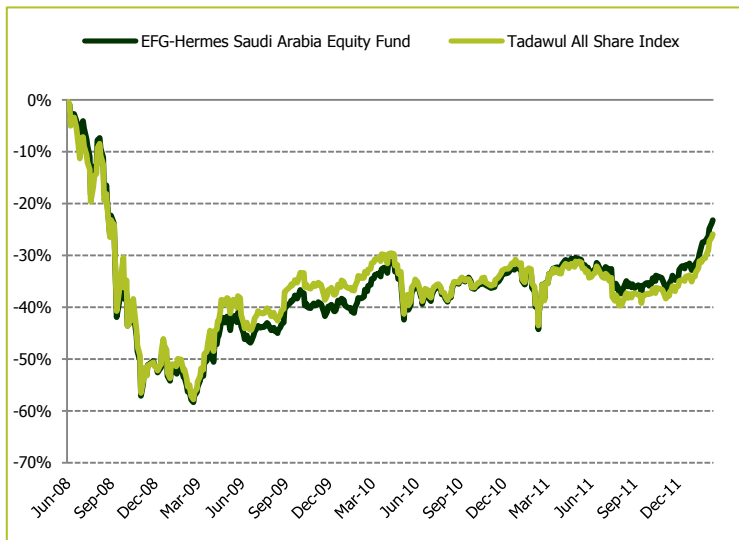
The Saudi market continued its strong performance in February with the Tadawul All Share Index gaining 9.8% for a YTD performance of 13.3%. The Fund gained 10.9% during the month and is now up 13.0% YTD. The market's strong fundamentals and attractive valuation supported by optimism regarding opening the market for direct foreign investment as well as a bullish global backdrop resulted in a significant inflow of liquidity from local investors driving average daily value traded to USD 2.7 billion and lifting the TASI well above 7,000 points, both levels not seen since the 2008 financial crisis.

February witnessed a continuation of the positive IPO market momentum with Takween Advanced Industries ending its first trading day up 125% following United Electronics Company's 33% day one performance back in December. The Saudi Stock Exchange, Tadawul, is expected to have eight to ten new issues in the pipeline for 2012.

SAMA's latest release of banking sector data for the month of January show a strong start to the year with sector profitability jumping 38% YoY to SAR 3.5 billion, a 3-year high. The sector's claims on the private sector grew by 1.7% MoM and 11.7% YoY, the strongest level of growth seen in almost 3 years as well.

All sectors ended the month in positive territory with banks ranking among the best performing heavyweight sectors in February gaining 12.5%. On the other hand, petrochemicals underperformed the market rising 7.9% and agriculture & food industries was the worst performing sector gaining 3.0%. The Investment Manager booked profits in the industrial investment and petrochemical sectors and increased exposure to banks and real estate companies during the month.

Having gained 13.0% YTD and 19.1% since end of November, the market might see some profit taking in March. The Investment Manager will reshuffle existing positions and increase exposure to underperforming high conviction names on any pullback.



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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**	10.9%	9.8%	1.1%
Year to Date	13.0%	13.3%	-0.3%
2011	1.8%	-3.1%	4.9%
2010	12.7%	8.2%	4.5%
2009	22.4%	27.5%	-5.1%
2008*	-51.6%	-51.1%	-0.5%
Inception to Date	-23.2%	-25.9%	2.7%

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

\*\* MTD figures reflect performance between January 31<sup>st</sup>, 2012 and February 29<sup>th</sup>, 2012

### Fund Characteristics

No. of Holdings	29
Weighted Market Cap	SAR 59.0 billion
Dividend Yield*	2.9%
P/E Ratio 11	10.9x

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

### Fund Metrics

	Saudi Fund	TASI
Volatility	25.6%	25.9%
Beta*	0.98	-

\*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	10.1%
SABIC	Petrochemical Industries	9.5%
Etihad Etisalat	Telecom & IT	7.4%
Samba Financial Group	Banks & Financial Services	6.1%
Banque Saudi Faransi	Banks & Financial Services	6.1%

### Fund Data

NAV per Share	SAR 7.6790
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

