



Fund Manager's Strategy & Outlook

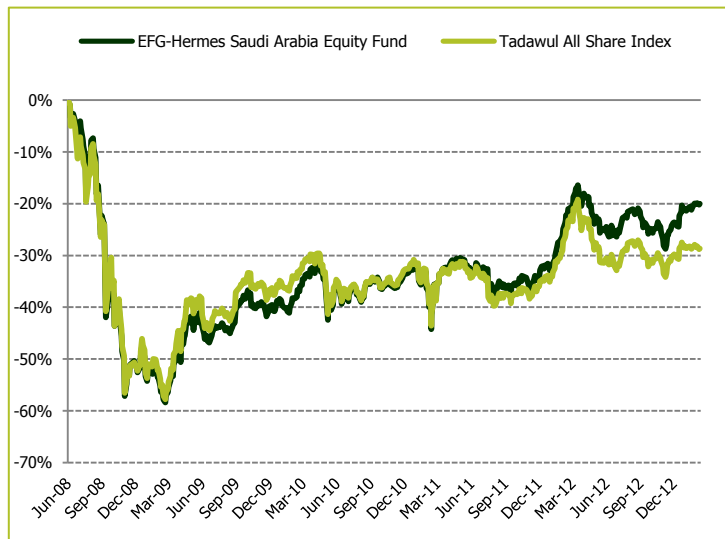
The Saudi market saw a small correction in February with the Tadawul All Share Index dropping 0.6% for a YTD performance of 2.9%. The Fund gained 0.8% during the month and is now up 5.9% YTD. Turnover was flat compared to the previous month with daily traded value averaging USD 1.6 billion.

The Kingdom issued final regulations on real-estate financing, leasing and supervision of financial companies in order to ease a housing shortage by opening up its mortgage market and enacting the country's first mortgage law. Rules on the enforcement of foreclosures and mortgage registrations are yet to be completed. We believe this is a positive development towards enacting the mortgage law and should have a positive impact on real estate and other related companies.

Saudi Arabia's February Purchasing Managers' Index (PMI) increased to 58.5 in February, up from 58.1, reflecting robust activity. Key indicators saw steady growth including backlog of orders, export orders, new orders and output activity. There was a marginal decline in input price index, whilst output prices remained constant. This supports our belief that inflation will remain contained despite the strong domestic demand environment.

Sector performance was mixed in February. Hotel & tourism was the best performer rallying 9.3% while media was the worst performer dropping 8.1%. Banks outperformed with a 0.4% gain while petrochemicals underperformed losing 2.0%. The Investment Manager reduced exposure to agriculture & food and petrochemical companies and increased exposure to retail and real estate companies during the month. Overall exposure was maintained at a high level.

The slight pullback in February followed a two-month rally of 7.8%. With market fundamentals remaining intact, the Investment manager reiterates his positive view on the Saudi market.



EFG-Hermes Asset Management

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

	Saudi Fund	TASI	Difference
Month to Date**	0.8%	-0.6%	1.4%
Year to Date	5.9%	2.9%	3.0%
2012	11.2%	6.0%	5.2%
2011	1.8%	-3.1%	4.9%
2010	12.7%	8.2%	4.5%
2009	22.4%	27.5%	-5.1%
Inception to Date*	-20.0%	-28.7%	8.7%

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

** MTD figures reflect performance between January 31st, 2013 and February 28th, 2013

Fund Characteristics

No. of Holdings	32
Weighted Market Cap	SAR 48.0 billion
Dividend Yield*	3.2%
P/E Ratio 13	11.1x

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

Fund Metrics

	Saudi Fund	TASI
Volatility	23.7%	24.0%
Beta*	0.98	-

*Calculated vs. the Tadawul All Share Index (TASI) since the Fund's inception

Top Five Equity Holdings

Holding	Sector	% of NAV
SABIC	Petrochemical Industries	9.3%
Al Rajhi Bank	Banks & Financial Services	8.6%
Etihad Etisalat	Telecom. & Information Tech.	6.0%
Banque Saudi Fransi	Banks & Financial Services	4.9%
Al Inma Bank	Banks & Financial Services	4.1%

Fund Data

NAV per Share	SAR 7.9972
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

