



### Fund Manager's Strategy & Outlook

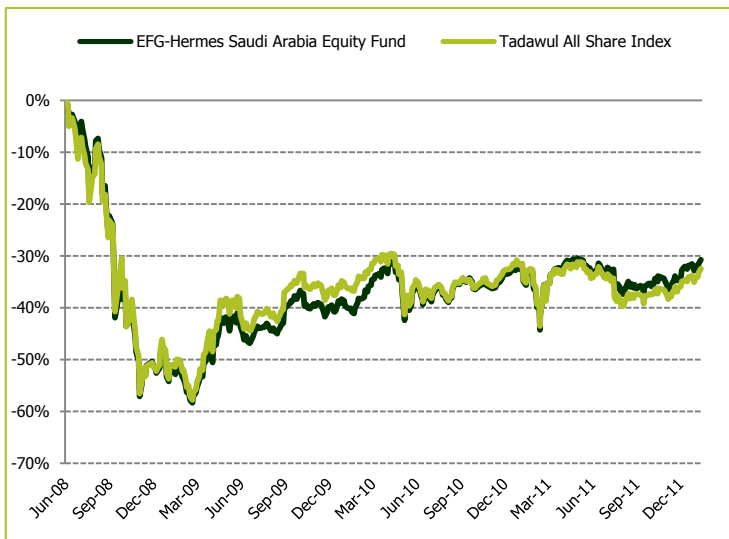
The Saudi market kicked off the year with a strong performance as the Tadawul All Share Index gained 3.3% in January bringing the last 2 months' return to an impressive 8.5%. The Fund was up 1.9% during the month and 8.4% over the same 2-month period. The market's numerous potential catalysts resulted in significant inflows leading to an increase in the average daily value traded from USD 1.2 billion in 2011 and USD 1.5 billion in December to USD 1.8 billion in January.

Fourth quarter results supported the positive market momentum with aggregate earnings up 12.5% YoY. The 17.0% QoQ drop was shrugged off by the market as it was largely due to lower petrochemical prices in 4Q2011 in addition to the Ramadan seasonality effect. Petrochemicals earnings were down 5.4% YoY and 30.0% QoQ while banks earnings were up 15.1% YoY and down 7.0% QoQ as provisioning is typically higher during the last quarter of the year.

Saudi Arabia's headline PMI stood at just over 60 points in January - an increase of more than two points over December and the highest score since July 2011. The robust reading was driven in a large part by strong gains in current output, but new orders also rose sharply, suggesting that the economy is likely to maintain its momentum over the months ahead.

The telecom sector was among the market's top performers, gaining 10.8%. The sector's rally was mainly driven by strong results and an increased dividend payout for Etihad Etisalat. On the other hand, the petrochemicals names were the main underperformers declining by 0.4%. The Investment Manager reduced exposure to petrochemical companies as well as building and construction companies while adding to banks, cement, and industrial investment names during the month.

Full year 2011 results are now in the books and the beginning of 2012 has witnessed the return of significant interest in the Saudi stock market, particularly from locals. The Investment Manager believes that the strong market fundamentals and its relatively attractive valuation levels along with the various catalysts in sight bode well for continued strong performance.



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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**	1.9%	3.3%	-1.4%
Year to Date	1.9%	3.3%	-1.4%
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	-30.8%	-32.5%	1.7%

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

\*\* MTD figures reflect performance between December 31<sup>st</sup>, 2011 and January 31<sup>st</sup>, 2012

### Fund Characteristics

No. of Holdings	27
Weighted Market Cap	SAR 53.8 billion
Dividend Yield*	3.1%
P/E Ratio 11	10.2x

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

### Fund Metrics

	Saudi Fund	TASI
Volatility	25.2%	25.6%
Beta*	0.97	-

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

### Top Five Equity Holdings

Holding	Sector	% of NAV
SABIC	Petrochemical Industries	9.6%
Al Rajhi Bank	Banks & Financial Services	9.5%
Etihad Etisalat	Telecom & IT	8.7%
Samba Financial Group	Banks & Financial Services	6.8%
Banque Saudi Faransi	Banks & Financial Services	6.4%

### Fund Data

NAV per Share	SAR 6.9215
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

