



Fund Manager's Strategy & Outlook

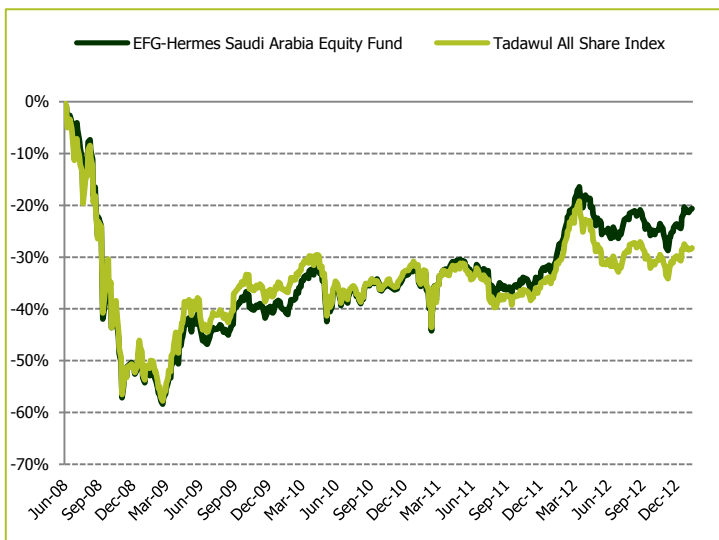
The Saudi market kicked off the year strongly with the Tadawul All Share Index gaining 3.6% in January while the Fund gained 5.1%. The robust performance was a continuation of the recovery that started end of November and came in step with a global equity rally during the first month of the year. Turnover was also strong during the month with daily turnover averaging USD 1.6 billion.

Full year 2012 earnings edged up by 1.4% YoY. The petrochemical sector was the only sector that recorded negative YoY earnings growth of 17.1% on the back of global economic woes, and excluding it aggregate earnings were 15.1% higher YoY. Banks earnings were up 11.9% while retail companies' earnings increased 32.7% YoY. This highlights the strength of the Saudi economy and the earnings growth potential of locally exposed companies.

King Abdullah made a few high level appointments over the past few weeks, the highlight of which was naming Prince Muqrin Bin Abdulaziz, the former intelligence chief and current advisor to the King, as second deputy prime minister. The position is considered to be the second in line for acceding to the throne and given Prince Muqrin is relatively young at 67 years of age, the appointment is expected to significantly reduce succession concerns. The King's other appointments, seen as a continuation of his reform efforts, included replacing the governor of the oil-rich Eastern province, the head of the capital market authority, and the secretary general of the higher economic council.

All sectors were up in January except insurance, losing 7.1%. Hotel & Tourism was the best performing sector gaining 20.5%. Banks outperformed with a 4.5% performance while petrochemicals underperformed returning 3.1%. The Investment Manager booked profits in agriculture & food and real estate companies and increased exposure to building & construction and petrochemical companies during the month. Overall exposure was maintained at a high level.

With full year 2012 results in the books, the Investment Manager believes that the strong earnings growth of locally exposed companies combined with an attractive market valuation and lower succession concerns should set the tone for a strong market performance in 2013.



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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**	5.1%	3.6%	1.5%
Year to Date	5.1%	3.6%	1.5%
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%
2008*	-51.6%	-51.1%	-0.5%
Inception to Date	-20.6%	-28.2%	7.6%

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

** MTD figures reflect performance between December 31st, 2012 and January 31st, 2013

Fund Characteristics

No. of Holdings	32
Weighted Market Cap	SAR 49.8 billion
Dividend Yield*	3.1%
P/E Ratio 13	11.2x

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

Fund Metrics

	Saudi Fund	TASI
Volatility	24.0%	24.2%
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	9.5%
Al Rajhi Bank	Banks & Financial Services	9.0%
Etihad Etisalat	Telecom. & Information Tech.	6.2%
Banque Saudi Fransi	Banks & Financial Services	4.6%
Al Inma Bank	Banks & Financial Services	4.3%

Fund Data

NAV per Share	SAR 7.9375
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

