



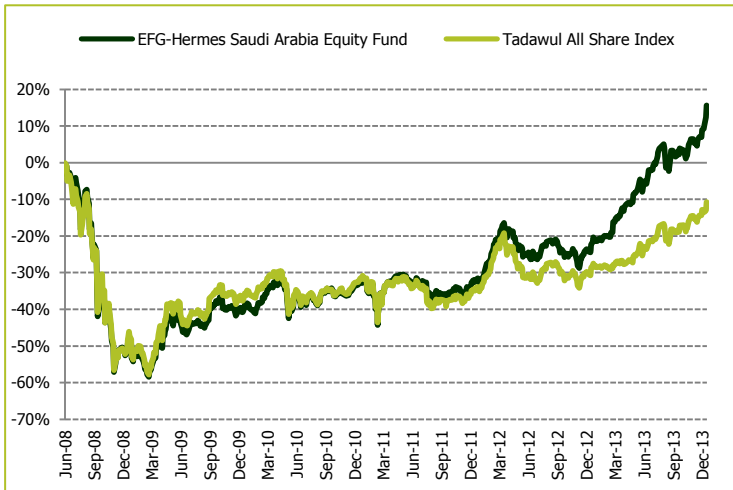
Fund Manager's Strategy & Outlook

Following a robust performance in 2013, the Saudi market started the year on a strong note with the Tadawul All Share Index gaining 2.6% in January while the Fund gained 2.9% during the month. Turnover picked up sharply with the daily traded value averaging USD 1.7 billion in January.

Full year 2013 aggregate earnings increased 6.6% YoY for a total of SAR 103 billion, exceeding the SAR 100 billion level for the first time ever. The top three sectors in terms of earnings contribution were petrochemicals, banks, and telecoms with earnings of SAR 34.8, 29.8, and 14.8 billion respectively. In contrast, two sectors had net losses during the year with insurance losing SAR 1.2 billion and media & publishing losing SAR 8 million. The Telecom sector was one of the major sectors that had a significant growth in profits of 31.6% while real estate was the only main sector that saw a drop in profitability of 14.9%. Banks earnings increased 3.9% and petrochemicals earnings increased 2.5% YoY.

Sector performance was mixed in January. Retail and transportation were among the top performing sectors, rallying by 8.0% and 6.6% respectively. On the other hand, insurance was the worst performing sector losing 9.3% followed by industrial investment dropping by 2.7%. Banks outperformed with a 5.1% gain while petrochemicals underperformed edging up 0.3%. The Investment Manager reduced exposure to petrochemicals and insurance companies and increased exposure to cements and retail companies during the month.

The Saudi market continues to see strong momentum on the back of robust appetite for local equities supported by record 2013 earnings and reduced concerns over the illegal labor issue following the lower than expected drop in cement sales. Nevertheless, the Investment Manager believes the market should see a limited short term pullback before it reverts to its upward trend.



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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 ¹	Difference
Month to Date**	2.9%	2.6%	0.3%
Year to Date	2.9%	2.6%	0.3%
2013	48.8%	25.5%	23.3%
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*	15.6%	-10.7%	26.4%

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

** MTD figures reflect performance between December 31st, 2013 and January 31st, 2014

¹TASI is a price return index

Fund Characteristics

No. of Holdings	29
Weighted Market Cap	SAR 56.3 billion
Dividend Yield*	2.5%
P/E Ratio 14	12.4x

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

Fund Metrics

	Saudi Fund	TASI
Volatility	22.55%	22.31%
Beta *	0.99	-

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

Top Five Equity Holdings

Holding	Sector	% of NAV
SABIC	Petrochemical Industries	9.0%
Al Rajhi Bank	Banks & Financial Services	8.2%
Samba Financial Group	Banks & Financial Services	6.8%
Ethiad Etisalat	Telecom & IT	6.1%
Al Inma Bank	Banks & Financial Services	4.9%

Fund Data

NAV per Share	SAR 11.5628
Management Fee	2%
Minimum Subscription	SAR 50,000
Subscription / Redemption	Twice Weekly
Inception Date	June 17, 2008

Fund Identifiers

ISIN Code	XC000A1W4DX3
Bloomberg Ticker	EFGSAUD AB
Reuters Code	LP65122906

Allocation by Economic Sector

