



Fund Manager's Strategy & Outlook

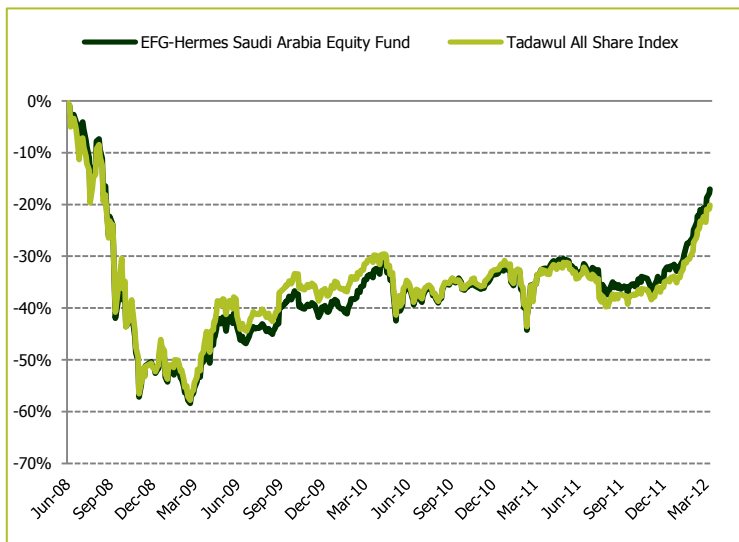
The Saudi market continued its rally in March with the Tadawul All Share Index gaining 7.8% for a YTD performance of 22.1%. The Fund gained 8.0% during the month and is now in line with the market's YTD performance. Turnover surged with the daily value traded averaging a massive USD 4.05 billion in March driven by the return of local investor interest in the stock market.

Growth in business activity in Saudi Arabia's non-oil private sector maintained its strength during the month, with the PMI coming in at 58.73 points. While March reading was lower than February's 59.62, the index stayed well above the 50-point mark distinguishing growth from contraction. Overall input price inflation eased from a nine-month high in February, as the increase in staff costs was moderate during the month.

After reinforcing the ban on cement exports earlier this year, the Kingdom took further measures to ensure adequate supply of cement following a shortage in the western region on the back of the government's increased infrastructure spending. The Ministry of Commerce and Industry removed restrictions on cement imports to secure extra supplies at stable prices, which were fixed at a wholesale price of SAR 240 per ton and a retail price of SAR 280 per ton. The Ministry of Petroleum also agreed to provide local companies with the fuel required to operate existing plant expansions.

The market's top performers in March were again the smaller sectors including real estate, transportation, and hotel & tourism with returns of more than 15% each. Banks and petrochemicals were roughly in line with the market performance rising 7.5% and 8.5% respectively. The worst performing sector was media & publishing which dropped 5.0%. The Investment Manager booked profits in banks, telecoms, industrial investment, and petrochemical companies and increased exposure to cements and food companies while increasing overall cash levels.

Going into April, during which 1Q2012 results will be reported, the market seems overdue for some profit taking following the strong YTD performance. The Investment Manager will look to redeploy the cash raised to increase exposure to preferred names that are expected to outperform during the coming period.



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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**	8.0%	7.8%	0.2%
Year to Date	22.1%	22.1%	0.0%
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	-17.1%	-20.2%	3.1%

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

** MTD figures reflect performance between February 29th, 2012 and March 31st, 2012

Fund Characteristics

No. of Holdings	27
Weighted Market Cap	SAR 60.2 billion
Dividend Yield*	2.8%
P/E Ratio 12	11.1x

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

Fund Metrics

	Saudi Fund	TASI
Volatility	25.7%	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	9.4%
SABIC	Petrochemical Industries	9.1%
Ethiad Etisalat	Telecom & IT	5.6%
Samba Financial Group	Banks & Financial Services	5.4%
Banque Saudi Faransi	Banks & Financial Services	5.3%

Fund Data

NAV per Share	SAR 8.2940
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

