



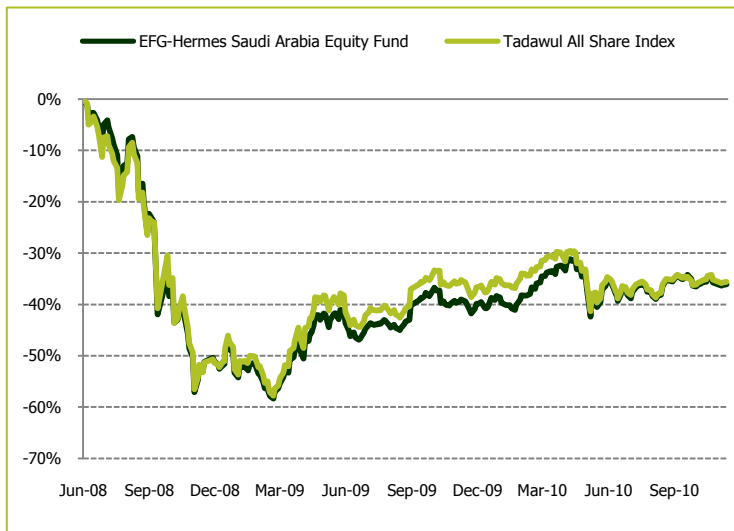
Fund Manager's Strategy & Outlook

The Tadawul All Share Index lost 0.6% during November while the EFG-Hermes Saudi Arabia Equity Fund ended the month 0.8% lower bringing its YTD performance to 7.9%. After a strong start to the month on the back of the QE2 package announced by the U.S. Federal Reserve, the market closed slightly down as investor sentiment waned amid continuing sovereign debt issues in Europe despite Ireland's bailout. The Saudi Market was relatively less affected by global contagion than other EM due to continued strength in oil and petrochemical prices as the market anticipated a weaker US dollar in the medium-term.

The Kingdom's bourse also benefited from several positive economic indicators during the month. The World Bank ranked Saudi Arabia 11th on their 'Ease of Doing Business' report – the highest ranking for any MENA country historically. The improvement was a result of reforms in the streamlining of construction permits, the opening of Jeddah's new container terminal, increased flexibility in secured lending and speeding up the insolvency process. According to the HSBC Saudi Arabia Purchasing Managers' Index, non-oil private sector growth hit its fastest pace in October. EFG-Hermes Research forecasts non-oil activity to grow by 4.5% in 2010 and 4.9% in 2011 up from 3.7% in 2009.

The Fund Manager increased exposure to the retail space in November, and marginally increased the Fund's allocation to the telecom sector. This reshuffling sought to capture the strong consumer spending during this Hajj season with major names in the retail space staying flat or declining marginally, and the telecom space gaining more than 1%. However, the best-performing sector in the Tadawul All Share Index this month was the petrochemicals sector rising 2% despite the overall market declining. Strength in commodity prices is likely to directly translate into higher earnings for Saudi producers given their competitive advantages in both relatively cheap feedstock and expanded production capacity.

The Fund Manager expects the Saudi market to close the year strongly on the back of strong commodity prices and petrochemical fundamentals, recovering domestic demand, and waning concern over the systemic risks from developed markets, namely Europe.



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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	-0.8%	-0.6%	-0.2%
Year to Date	7.9%	3.2%	4.7%
2009	22.4%	27.5%	-5.1%
2008 *	-51.6%	-51.1%	-0.5%
Inception to Date	-36.1%	-35.6%	-0.5%

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

Fund Characteristics

No. of Holdings	31
Weighted Market Cap	SAR 74.5 billion
Dividend Yield*	2.4%
P/E Ratio 10	12.3x

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

Fund Metrics

	Saudi Fund	TASI
Volatility	28.2%	29.0%
Alpha *	2.1%	-
Beta *	0.96	-

*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	13.5%
SABIC	Petrochemicals	13.2%
Samba Financial Group	Banks & Financial Services	7.4%
Etihad Etisalat	Telecom & IT	6.1%
Bank Saudi Fransi	Banks & Financial Services	4.9%

Fund Data

NAV per Share	SAR 6.3883
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

