



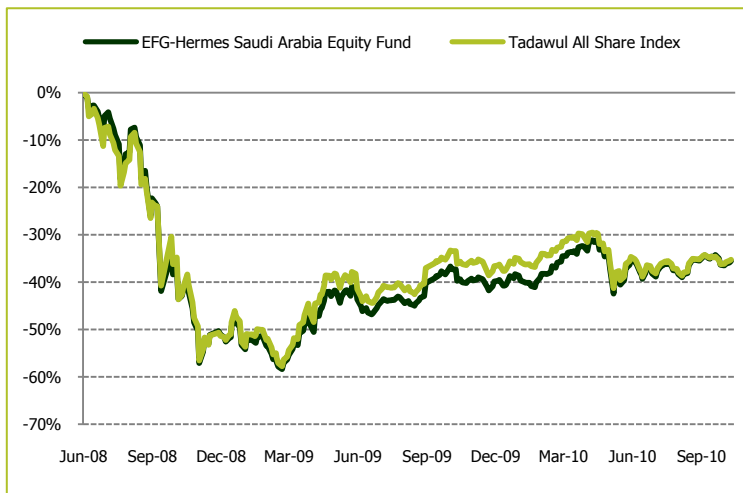
**Fund Manager's Strategy & Outlook**

The Tadawul All Share Index lost 0.6% during the month of October on the back of mixed third quarter results. The EFG-Hermes Saudi Arabia Equity Fund lost 0.8% over the same period bringing its YTD performance to +8.8% versus the index which has returned +3.8%. Liquidity and sentiment in the Saudi market have improved significantly towards the end of the month. The Fund Manager expects market activity to remain favorable for the rest of the year given improved risk appetite from investors on the back of healthier economic data, coupled with the U.S. Federal Reserve's recent announcement of further quantitative easing.

Third quarter results were largely mixed with consumer, petrochemical and telecom names coming in relatively strong, while names in the financial sector disappointed on the back of higher provisioning and a sluggish recovery in lending. Within the petrochemicals space, SABIC released solid earnings, which helped propel the broader Saudi market higher towards the end of the reporting season.

The Fund Manager has selectively rotated out of building materials and construction names, as outlook for the sector remains mixed given slower progress than originally anticipated. The Fund Manager has also reshuffled positions in the petrochemicals sector, which was the top performer during the month rallying by 6%, and slightly increased exposure to some banks after the recent sell-off to take advantage of attractive entry levels.

The Fund Manager believes there is sufficient fundamental data to support the theory that a global economic recovery remains on track. The US Federal Reserve's additional quantitative easing measures, a weaker US dollar, and stronger commodity prices provide a positive backdrop in the Kingdom. November will see a drop in market activity due to the week-long annual pilgrimage break, but the Fund Manager believes the market is well positioned for a strong performance going into the end of the year.



EFG-Hermes Asset Management

Tel: 9714-363 4047 / Fax: 9714-362 1171  
e-mail : AMsales@efg-hermes.com

**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	8.8%	3.8%	5.0%
2009	22.4%	27.5%	-5.1%
2008 *	-51.6%	-51.1%	-0.5%
Inception to Date	-35.6%	-35.3%	-0.3%

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

**Fund Characteristics**

No. of Holdings	34
Weighted Market Cap	SAR 67.7 billion
Dividend Yield*	2.5%
P/E Ratio 10	12.7x

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

**Fund Metrics**

	Saudi Fund	TASI
Volatility	28.7%	29.5%
Alpha *	2.2%	-
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	12.4%
SABIC	Petrochemicals	11.8%
Samba Financial Group	Banks & Financial Services	6.6%
Etihad Etisalat	Telecom & IT	5.2%
Bank Saudi Fransi	Banks & Financial Services	4.2%

**Fund Data**

NAV per Share	SAR 6.4414
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**

