

Fund Manager's Strategy & Outlook

The Fund ended the month up 6.9% while the MSCI Saudi Arabia Domestic index gained 9.1%. This brings the Fund's YTD performance to a decline of 3.4% versus the index which is down 3.0%.

Over the previous period, the Investment Manager increased exposure to the utilities and agriculture sectors that provide high dividend yields and strong growth opportunities, respectively. The Investment Manager continues to underweight the petrochemicals sector, while selectively increasing exposure to the real estate sector as prices are more attractive following the recent sell off.

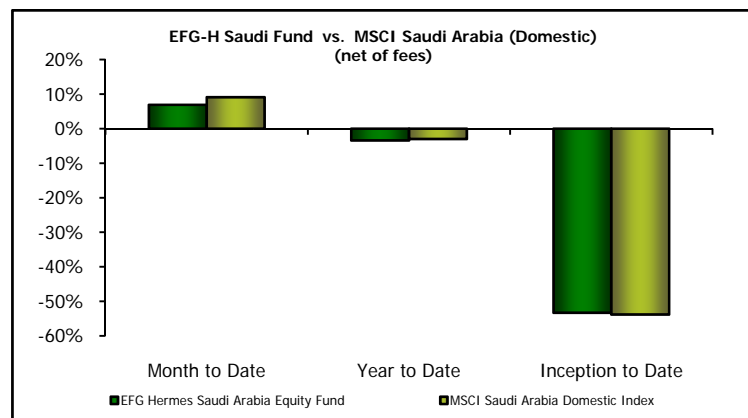
Hydrocarbon investments and expansion projects are also moving forward signaling the Kingdom's commitment to continue vital infrastructure spending. Various projects that have been put on hold last year due to unstable global economic conditions have resumed and are set to benefit from the build-up of local liquidity and cheaper construction costs.

In the petrochemicals sector, companies are substituting expensive international operations for lower cost local operations while looking to expand refineries and plants. The Kingdom which inherently has a competitive advantage in the sector due to the low cost of feedstock is now looking at boosting local sales of its products. The sector expects to see robust sales in the Kingdom relative to slowing demand internationally.

In the financial sector, Saudi banks have improved confidence on their risk-profiles by imposing strict restrictions on conditions and guarantees of loans to small and medium sized corporations. Banks are concentrating more on improving internal risk parameters rather than growth, and are undertaking rigorous risk assessment exercises before providing loans. Top-tier companies that are participating in large infrastructure projects are getting preference in lending on the back of the government's pledge to continue these projects. Deposit growth remains healthy with foreign currency deposits registering a 19.6% YoY growth for the first two months of the year.

While the cement sector continues to face difficulties due to the build-up of inventories and export restrictions, other sectors are starting the year strong. Initial announcements on financial earnings from the financial services and telecom sectors look promising with both posting year on year growth.

The Investment Manager expects first quarter results will be the main driver for the Saudi market's performance in the coming period. In the medium-term, the Saudi economy is well placed to be at the forefront of a regional recovery on the back of the government's ability to use surplus funds accumulated over the past few years to fuel growth. Stabilizing oil prices, inherent competitive advantages in several sectors and a large local population are some of the key advantages that will help drive the domestic economy forward.



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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

| Returns | EFG-Hermes Saudi Fund * | MSCI Saudi Arabia Domestic Index | Difference |
|-------------------|-------------------------|----------------------------------|------------|
| Month to Date | 6.9% | 9.1% | -2.2% |
| Year to Date | -3.4% | -3.0% | -0.4% |
| 2008 | -51.6% | -52.4% | 0.8% |
| Inception to Date | -53.3% | -53.8% | 0.5% |

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

Fund Information

| | |
|-------------------------|---------------|
| NAV per share | SAR 4.6697 |
| Launch Date | 17 June, 2008 |
| Structure | Open Ended |
| Management fee | 2% |
| Minimum Subscription | SAR 50,000 |
| Subscription/Redemption | Twice Weekly |

Fund Identifiers

| | |
|------------------|------------|
| Bloomberg Ticker | EFGSAUD AB |
| Reuters Code | LP65122906 |

Fund Characteristics

| | |
|-----------------|------|
| No. of Holdings | 26 |
| P/E Ratio 09 | 7.6x |

Top 5 Holdings

| Holding | Sector | Holding % |
|-----------------------|----------------------------|-----------|
| Al Rajhi | Banks & Financial Services | 9.5% |
| Saudi Telecom Company | Telecom & IT | 8.7% |
| SABIC | Petrochemicals | 8.6% |
| Etihad Etisalat | Telecom & IT | 7.3% |
| SA Fertilizers | Petrochemicals | 6.0% |

Fund Sector Allocation

