

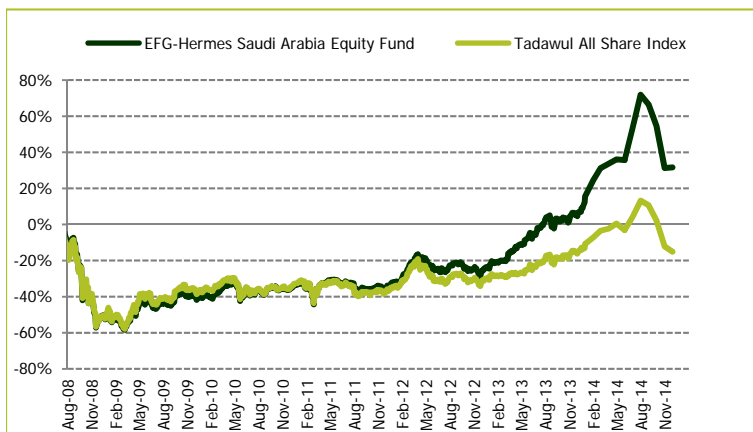
### Fund Manager's Strategy & Outlook

The Saudi market continued its weak performance in December with the Tadawul All Share Index losing 3.4% to close the year down 2.4%. The Fund gained 0.3% during the month for a full year return of 17.2%. Turnover recovered with daily traded value averaging USD 2.4 billion in December, skewed by higher volumes during the second half of the month rebound following a 15.0% MTD drop as of 16 December.

The Saudi government announced a record high 2015 budget with planned expenditure increasing marginally to SAR 860 billion for a deficit of SAR 145 billion, the first budgeted deficit since 2009. The budget reflects the government's focus on continued infrastructure development despite the sharp drop in oil prices. Real GDP growth in 2014 was 3.6%, with non-oil GDP growth of 5.1%, and a budget deficit of SAR 54 billion – 1.9% of GDP – largely due to overspending. With net foreign reserves of around 100% of GDP, and debt of less than 5% of GDP, the Saudi government has the war chest to withstand low oil prices without the need to cut spending.

Sector performance was mixed in December. Agriculture & Food was the best performing sector gaining 5.1% and building & construction was the worst performing sector losing 12.4%. Petrochemicals outperformed losing 2.9% while banks underperformed losing 5.4%. The Investment Manager reduced exposure to retail, petrochemicals, and cement and increased exposure to building & construction, transport, and real estate companies during the month.

After reaching a YTD peak performance of 30.6% in early September, the Saudi market corrected sharply to end the year in negative territory largely due to a free fall in oil prices. The Investment Manager believes that the market is now already reflecting weak oil prices with short term concerns shifting to succession risk as King Abdullah was admitted to the hospital at the end of December.



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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 <sup>1</sup>	Difference
Month to Date**	0.3%	-3.4%	3.7%
2014	17.2%	-2.4%	19.6%
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*	31.7%	-15.1%	46.8%

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

\*\* MTD figures reflect performance between 30 November, 2014 and 31 December, 2014

<sup>1</sup>TASI is a price return index

### Fund Characteristics

No. of Holdings	34
Weighted Market Cap	SAR 47.7 billion
Dividend Yield*	4.0%
P/E Ratio 15	13.1

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

### Fund Metrics

	Saudi Fund	TASI
Volatility	23.3%	22.3%
Beta *	1.0	-

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

### Top Three Equity Holdings

Holding	Sector	% of NAV
SAMBA FINANCIAL GROUP	Banks & Financial Services	7.4%
SAUDI BASIC INDUSTRIES	Petrochemical Industries	5.8%
SAVOLA	Agriculture & Food Industries	4.3%

### Fund Data

NAV per Share	SAR 13.17
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

