

Fund Manager's Strategy & Outlook

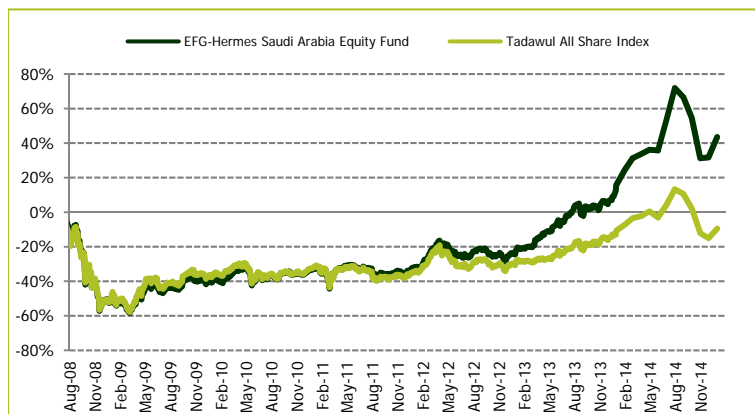
The Saudi market recovered sharply in January with the Tadawul All Share Index gaining 6.5%. The Fund gained 9.0% during the month. Turnover was slightly lower with daily traded value averaging USD 2.2 billion.

King Abdullah bin Abdulaziz Al Saud passed away early morning on the 23rd of January at age 90. Besides economic development and social reforms which characterized the late King's ten year reign, his legacy includes peace and reconciliation initiatives, anti-terrorism achievements, generous foreign aid, inter-faith dialogue, and G20 membership among others. King Salman bin Abdulaziz acceded to the throne and appointed the Deputy Crown Prince, Muqrin bin Abdulaziz, as Crown Prince and Mohamed bin Nayef bin Abdulaziz, the first ever third generation prince to be in the line of succession, as Deputy Crown Prince.

The Saudi market's FY2014 net income increased 3.8% YoY, compared to a 7.2% YoY growth in 2013, on the back of a big drop in the telecom sector earnings resulting from Mobily's restatement of financials. Excluding the telecoms sector, the market's aggregate earnings grew 8.9% YoY in 2014.

All sectors were up in January, except utilities and telecoms losing 19.0% and 5.9% respectively. Transport was the top performing sector, gaining 41.8%, followed by hotel & tourism and industrial investment, which gained 16.4% and 16.3% respectively. Banks outperformed with a 7.5% return and petrochemicals underperformed with a 4.9% performance. The Investment Manager reduced exposure to petrochemicals, transport, and industrial investment and increased exposure to banks, agriculture & food, and retail companies during the month.

With the succession risk overhang elevated and the new head of the Capital Market Authority confirming that the market is on track for a 1H2015 opening to foreigners, coupled with a market rally despite the continued drop in oil prices with Brent losing 7.6% in January, the Investment Manager re-iterates his positive medium to long term view on the Saudi market.



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 ¹	Difference
Month to Date**	9.0%	6.5%	2.5%
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*	43.5%	-9.5%	53.0

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

** MTD figures reflect performance between 31 December, 2014 and 31 January, 2015

¹TASI is a price return index

Fund Characteristics

No. of Holdings	34
Weighted Market Cap	SAR 48.2 billion
Dividend Yield*	4.0%
P/E Ratio 15	13.6

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

Fund Metrics

	Saudi Fund	TASI
Volatility	23.4%	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	7.7%
Al Rajhi Bank	Banks & Financial Services	5.1%
Saudi Basic Industries	Petrochemical Industries	4.7%

Fund Data

NAV per Share	SAR 14.35
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

