

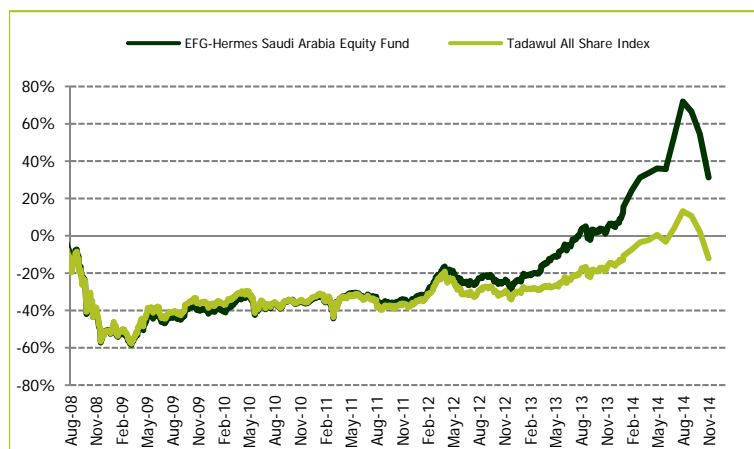
Fund Manager's Strategy & Outlook

The Saudi market corrected sharply in November with the Tadawul All Share Index losing 14.1% for a YTD return of 1.1%. The Fund lost 15.1% during the month and is now up 16.8% YTD. While the pullback was largely due to continued weakness in oil prices, the large initial public offering of the National Commercial Bank (NCB) and Etihad Etisalat's (Mobily) corporate governance concerns added to its severity. Turnover was lower with daily traded value averaging USD 1.97 billion in November.

Brent prices dropped 18.3% during the month, losing a total of 39.0% from its 2014 peak of USD 115.1 in June 2014. The international oil price benchmark came under pressure from a global oil market oversupply that is estimated at 1 million barrels per day. However, the excess supply does not justify this sharp drop which was exacerbated by heavy short selling and a strengthening US Dollar. And while oil prices could continue to weaken in the short term, we don't think that current prices are sustainable over the medium term and believe that Saudi has the ability to weather the storm with reserves of around 100% of GDP and debt of less than 5% of GDP.

All sectors were down in November. Telecoms, petrochemicals and hotels were the worst performing sectors losing 26.9%, 20.8%, and 19.2% respectively. On the other hand transportation, cements, and retail were among the best performing sectors losing 7.0%, 8.8%, and 9.3%. Banks outperformed losing 9.9%. The Investment Manager reduced exposure to telecoms, retail, and industrial investment and increased exposure to cements, banks, and multi-investment companies during the month.

Oil prices might continue to weaken over the coming period and the Saudi market might continue to be volatile. However, the Investment Manager believes that the upcoming 2015 government budget should be the major determinant of short term market performance as weak oil prices are now largely priced in, and the upcoming market opening to foreign investors should be a catalyst for a strong rally.



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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 ¹	Difference
Month to Date**	-15.1%	-14.1%	-1.0%
Year to Date	16.8%	1.1%	15.7%
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*	31.3%	-12.1%	43.4%

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

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

¹TASI is a price return index

Fund Characteristics

No. of Holdings	30
Weighted Market Cap	SAR 50.4 billion
Dividend Yield*	3.7%
P/E Ratio 15	11.8

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

Fund Metrics

	Saudi Fund	TASI
Volatility	23.4%	22.4%
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	8.7%
SAUDI BASIC INDUSTRIES	Petrochemical Industries	6.4%
Al Rajhi Bank	Banks & Financial Services	5.1%

Fund Data

NAV per Share	SAR 13.1262
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

