



Fund Manager's Strategy & Outlook

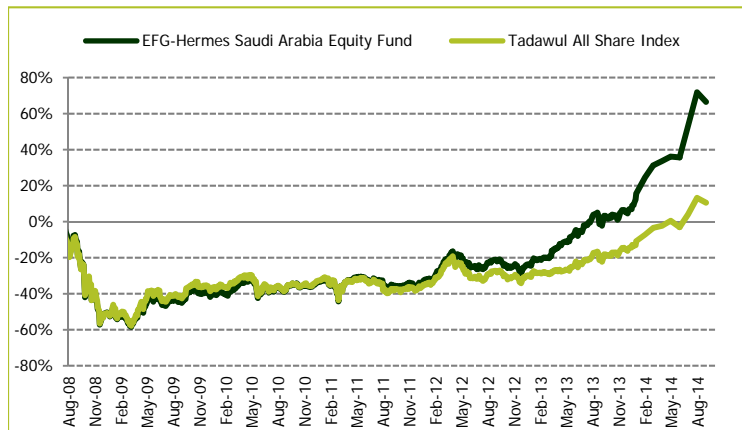
The Saudi market had a limited pullback in September with the Tadawul All Share Index losing 2.3% for a YTD return of 27.2%. The Fund lost 3.1% during the month and is now up 48.2% YTD. Turnover was slightly lower with daily traded value averaging USD 2.56 billion in August.

Saudi Arabian Monetary Agency (SAMA) issued revised regulations for banks consumer lending. The key changes included imposing limits on loan processing fees and giving SAMA the right to cap banks consumer lending at its discretion. We believe this will have a negative effect on banks fee income, especially the ones that have significant revenue contribution from retail banking.

Elsewhere, Saudi Arabia's purchasing manager's index (PMI) gained more than 1 point MoM in September to record a reading of 62 points, its highest level since June 2011. All the underlying data reflected strength, with output coming at just under 70 points – its second highest reading on record, and new orders at 71 points – gaining more than one point MoM.

All sectors were down in September except hotels, insurance, and retail – which gained 10.6%, 9.4%, and 0.5% respectively. Banks underperformed losing 5.5% while petrochemicals slightly outperformed losing 2.0%. The Investment Manager reduced exposure to banks, industrial investment, and petrochemicals and increased exposure to retail, food, and real estate companies during the month.

Third quarter earnings will be reported in October, which will include a week-long break for Eid Al Adha holiday. Results are expected to be strong overall and the Investment Manager maintains his positive outlook on the market in the medium to long term.



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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**	-3.1%	-2.3%	-0.8%
Year to Date	48.2%	27.2%	21.0%
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*	66.5%	10.6%	55.9%

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

** MTD figures reflect performance between August 31, 2014 and 30 September, 2014

¹TASI is a price return index

Fund Characteristics

No. of Holdings	30
Weighted Market Cap	SAR 73.7 billion
Dividend Yield [*]	2.0%
P/E Ratio 15	12.4

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

Fund Metrics

	Saudi Fund	TASI
Volatility	22.7%	21.8%
Beta [*]	1.0	-

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

Top Three Equity Holdings

Holding	Sector	% of NAV
SABIC	Petrochemical Industries	9.2%
Al Rajhi Bank	Banks & Financial Services	7.8%
SAMBA	Banks & Financial Services	6.5%

Fund Data

NAV per Share	SAR 16.65
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

