



### Fund Manager's Strategy & Outlook

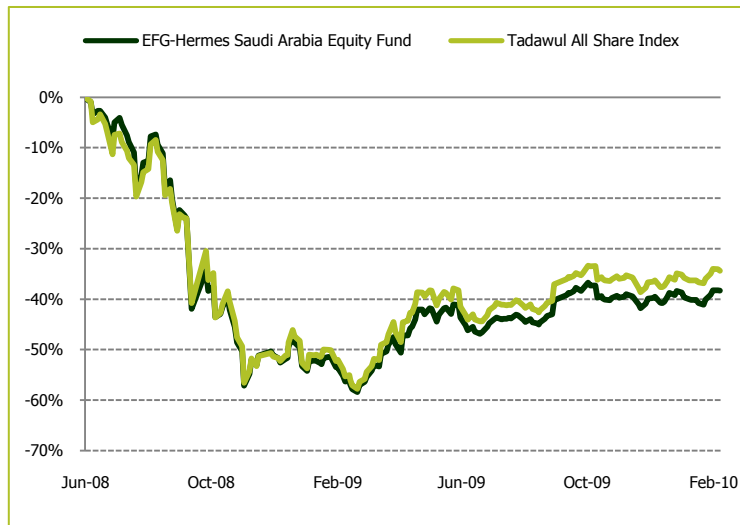
The Saudi Fund gained 3.1% in February bringing its 2010 YTD performance to +4.2%. The Tadawul All Share Index gained 3.0% during the month.

The most recent data published on the banking sector showed continued weakness in lending growth, predominantly due to muted corporate demand resulting from the government's large advance payments to contractors. With corporate demand expected to strengthen in the coming months, we expect banks to increase lending by Q3 2010 on the back of improving fundamentals and decreasing credit risk in the Kingdom.

The number of LCs issued for building materials has surged in the Kingdom, which bodes well for the building and construction sector as an early indicator of an expected increase in activity due to the government's large budget and the much-anticipated mortgage law. The jump in cement sales corroborates this positive sentiment with February registering 22% growth in sales when compared to the same period last year. Steel prices also continue to rise on the back of increased demand with industry sources expecting further increases in the coming months.

The Investment Manager increased exposure to the building and construction sector to better position the Fund to capture the expected momentum in construction activity. In the real estate and petrochemicals sectors, the Investment Manager booked some profits which trimmed exposure in both sectors. The major contributors to the month's performance came from the banking sector which gained 3.8% and the petrochemicals sector which rose 3.1%.

The Investment Manager expects the market to consolidate and possibly add to recent gains in the period leading up to Q1 earnings results. Positive earnings announcements and expected earnings growth could serve as a catalyst for another leg up absent systemic risks from global markets. Overall we reiterate our bullish stance on the Kingdom's outlook for 2010.



Hashem Montasser – Head of Asset Management

Mohamed Abdel Halim – Director  
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	Difference
Month to Date	3.1%	3.0%	0.1%
Year to Date	4.2%	5.2%	-1.0%
2009	22.4%	27.5%	-5.1%
2008 *	-51.6%	-51.1%	-0.5%
Inception to Date	-38.3%	-34.4%	-3.9%

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

### Fund Characteristics

No. of Holdings	30
Weighted Market Cap	SAR 58.5 billion
Dividend Yield	2.5%
P/E Ratio 10	12.7x

### Fund Metrics

	Saudi Fund	TASI
Volatility	31.7%	33.1%
Beta *	0.95	-

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

### Top Five Equity Holdings

Holding	Sector	% of NAV
SABIC	Petrochemicals	11.5%
Al Rajhi Bank	Banks & Financial Services	11.0%
Samba Financial Group	Banks & Financial Services	5.6%
Etihad Etisalat	Telecom & IT	5.0%
Herfy Food Services	Agriculture & Food Industries	4.9%

### Fund Data

NAV per Share	SAR 6.1694
Management Fee	2%
Minimum Subscription	SAR 50,000
Subscription / Redemption	Twice Weekly

### Fund Identifiers

Bloomberg Ticker	EFGSAUD AB
Reuters Code	LP65122906

### Allocation by Economic Sector

