



Fund Manager's Strategy & Outlook

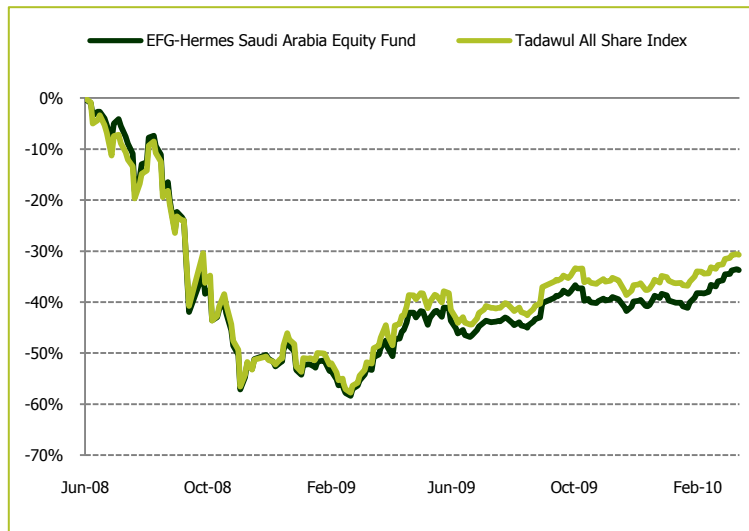
The EFG-Hermes Saudi Arabia Equity Fund gained 3.3% in April bringing its 2010 performance to 15.6%. The Tadawul All Share Index (TASI) gained 1.0% during the month to bring its YTD performance to 12.2%.

While global markets largely focused on Europe's debt crisis, corporate earnings season was the dominant story in the Kingdom this past month. Q1 2010 results have been overwhelmingly in-line or stronger than consensus estimates, which helped bolster investor sentiment. Petrochemical companies, the Fund's second largest sectoral allocation, posted particularly strong earnings on the back of strong commodity prices and improving utilization rates for local producers. The petrochemicals sector was the best-performing in the Saudi bourse rallying 7.9% in April.

Favorable demographics and improving consumer demand also continue to be principle themes of Saudi's macroeconomic story as the retail sector gained 7.4% during the month. Most retail companies in the Kingdom reported YoY earnings growth as consumer confidence continues to recover primarily on the back of higher oil prices and continued government spending.

Financials in the Kingdom posted improved results from Q4 2009 due to lower provisions, but did not improve YoY due to slower lending growth. A potential positive catalyst for the Saudi banking sector is global policy tightening, which would help well-capitalized, local banks grow their net interest margins aggressively given their relatively low cost of funding.

The Investment Manager expects the market to consolidate around current levels given the strong earnings season and some consequent profit-taking. Short-term systemic risks and weaker commodity prices may put some short-term pressure on the TASI, but these factors should not impact strong earnings growth and positive rerating in the medium-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	Difference
Month to Date	3.3%	1.0%	2.3%
Year to Date	15.6%	12.2%	3.4%
2009	22.4%	27.5%	-5.1%
2008 *	-51.6%	-51.1%	-0.5%
Inception to Date	-31.6%	-30.0%	-1.6%

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

Fund Characteristics

No. of Holdings	37
Weighted Market Cap	SAR 69.8 billion
Dividend Yield	3.5%
P/E Ratio 10	13.4x

Fund Metrics

	Saudi Fund	TASI
Volatility	31.2%	32.1%
Beta *	0.96	-

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

Top Five Equity Holdings

Holding	Sector	% of NAV
SABIC	Petrochemicals	11.4%
Al Rajhi Bank	Banks & Financial Services	9.6%
Samba Financial Group	Banks & Financial Services	4.8%
Etihad Etisalat	Telecom & IT	4.2%
Sahara Petrochemicals	Petrochemicals	3.6%

Fund Data

NAV per Share	SAR 6.8450
Management Fee	2%
Minimum Subscription	SAR 50,000
Subscription / Redemption	Twice Weekly
Inception Date	June 17, 2008

Fund Identifiers

Bloomberg Ticker	EFGSAUD AB
Reuters Code	LP65122906

Allocation by Economic Sector

