

Fund Manager's Strategy & Outlook

The Saudi market continued its upward trend ending the month with YTD gains. The Kingdom's policies have proven successful in reversing the Saudi market's downward spiral. The Fund ended the month up 16.1% while the MSCI Saudi Arabia Domestic Index gained 20.8%. The Fund's YTD performance is 12.1% versus the index which is up 17.1%.

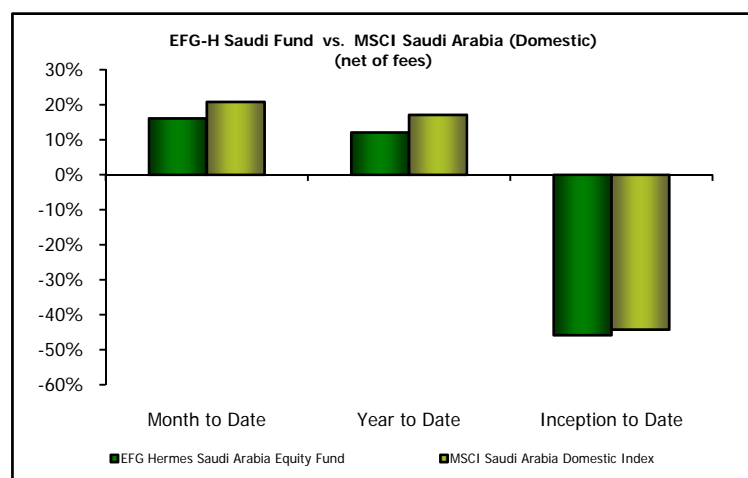
The Kingdom's consumer goods and retail sectors continue to perform strongly as firms seek opportunities to grow their operations. Several acquisitions have been announced in the sectors with more expected as Saudi firms build on their domestic growth and expand regionally. Profit growth in the sector remains robust benefiting from the Kingdom's large and growing population.

The Saudi Arabian Monetary Agency (SAMA) reported increasing loans to the private sector in February breaking two months of declines. Credit in the Kingdom has been tight reflecting banks' weak risk appetite, but has been improving as risk assessment practices are refined. The sector remains quite liquid with deposits registering 4% quarter on quarter growth.

The cement sector's first quarter results showed declines in profits due to the export restrictions on the industry which have resulted in pricing pressure. Local sales in March were up 13% year on year, but total sales dropped 1% year on year due to the export ban. The sector is expecting to see these restrictions lifted sometime in the next few months which should bode well for the industry.

Saudi companies continue to look for acquisition and merger opportunities to benefit from the attractive pricing of both domestic and regional companies. As liquidity becomes more readily available in the Kingdom, firms are becoming increasingly confident they can utilize their accumulated cash balances for acquisitions.

The Investment Manager expects the Kingdom to continue to lead the regional recovery on the back of the strong fundamentals of the Saudi economy. With oil prices stabilizing at healthy levels and liquidity returning to the system, the Saudi economy is well poised for strong growth.



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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

Returns	EFG-Hermes Saudi Fund	MSCI Saudi Arabia Domestic Index	Difference
Month to Date	16.1%	20.8%	-4.7%
Year to Date	12.1%	17.1%	-5.0%
2008 *	-51.6%	-52.4%	0.8%
Inception to Date	-45.8%	-44.2%	-1.6%

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

Fund Information

NAV per share	SAR 5.4207
Launch Date	17 June, 2008
Structure	Open Ended
Management fee	2%
Minimum Subscription	SAR 50,000
Subscription/Redemption	Twice Weekly

Fund Identifiers

Bloomberg Ticker	EFGSAUD AB
Reuters Code	LP65122906

Fund Characteristics

No. of Holdings	27
P/E Ratio 09	8.4x

Top 5 Holdings

Holding	Sector	Holding %
Al Rajhi	Banks & Financial Services	11.1%
SABIC	Petrochemicals	9.7%
Saudi Telecom Company	Telecom & IT	8.2%
Etihad Etisalat	Telecom & IT	7.6%
SA Fertilizers	Petrochemicals	5.7%

Fund Sector Allocation

