

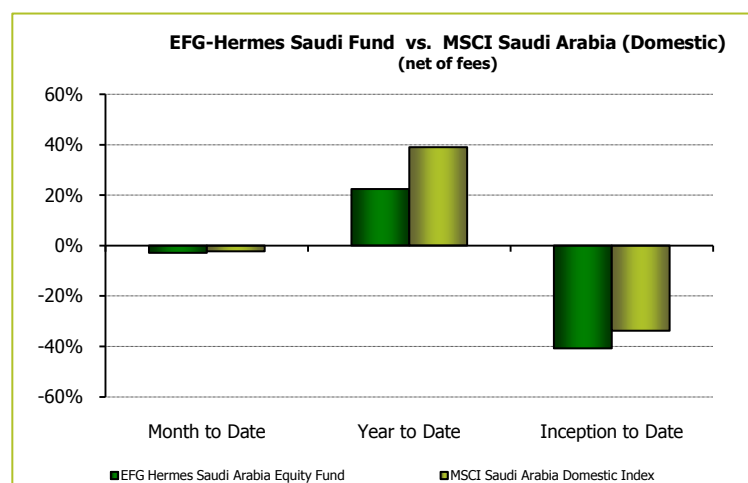
Fund Manager's Strategy & Outlook

The Saudi Fund declined by 2.9% over the past month bringing its 2009 annual performance to +22.4%. During the month, the MSCI Saudi Arabia Domestic Index declined by 2.3% while the TASI declined by 3.7%.

The Kingdom's 2010 budget demonstrates the government's determination to continue its ambitious economic program through infrastructure spending and diversification. Companies operating in infrastructure development are well-positioned to benefit from the announced budget which is +14% YoY at SAR 540 billion. Project spending is also expected to increase by 16% YoY to SAR 260 billion which will be a larger component of the Kingdom's overall budget. Consequently, the Investment Manager expects a rerating for many of the companies operating in the infrastructure space along with some of the fundamentally sound companies in both the banking and chemical sectors in the Kingdom.

Market activity is set to pick up in 2010 with an expected increase in IPO activity coupled with relatively optimistic investor sentiment. The improved global outlook has allowed us to develop a more constructive view on commodities going into 2010. Petrochemical prices have lagged the strong recovery in oil prices thus far (oil was up 117% in 2009), while demand for fertilizers is expected to rise as agricultural output increases. We also believe steel prices will remain strong given strong demand from emerging markets. Companies operating in these sectors are well poised to benefit relative to global peers due to their low, fixed feedstock prices.

As we enter 2010, the Investment Manager believes the Saudi market is attractively valued and well positioned for solid performance. The Saudi market is expected to be the most resilient among regional peers due to its solid economic backdrop and banking environment. The Investment Manager expects some volatility in the short term in anticipation of 2009 results; however, we believe that the combination of high oil prices, expansionary budgets, the removal of overhang in financial services (post Q4 provisions), and declining inflation make the Saudi market undoubtedly compelling for investors in 2010.



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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	-2.9%	-2.3%	-0.6%
2009	22.4%	39.0%	-16.6%
2008 *	-51.6%	-52.4%	0.8%
Inception to Date	-40.8%	-33.8%	-7.0%

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

Fund Information

NAV per share	SAR 5.9206
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	31
P/E Ratio 10	11.9x

Top 5 Holdings

Holding	Sector	Holding %
SABIC	Petrochemicals	11.7%
Al Rajhi	Banks & Financial Services	11.0%
Samba Financial Group	Banks & Financial Services	5.5%
Saudi Telecom Co	Telecom & IT	5.1%
Etiyah Etisalat	Telecom & IT	4.4%

Allocation by Economic Sector

