

Fund Manager's Strategy & Outlook

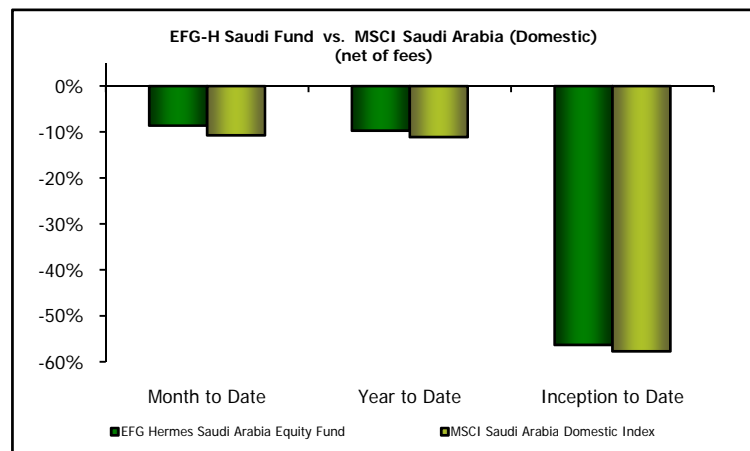
The Fund ended the month with a decline of 8.6% whereas the MSCI Saudi Arabia Domestic index declined by 10.7%. This brings the Fund's YTD performance to a decline of 9.7% versus the index which shed 11.1%.

Over the previous period, the Investment Manager continued to build exposure into more defensive sectors, seeing ample opportunity to benefit from the sustainable growth of companies operating in sectors such as the telecommunications, agriculture, retail, and consumer goods. Throughout 2009, the Investment Manager strategically decreased the exposure of the Fund to the petrochemicals and financial services sectors, which were amongst the worst performers in the index during the past month.

The Saudi King reshuffled the cabinet and appointed a new governor of the central bank, the Saudi Arabian Monetary agency (SAMA). SAMA played an instrumental role in managing liquidity and credit growth during the Kingdom's boom. The new governor is expected to maintain these policies and should provide further reassurance in the continuing role of SAMA in helping banks manage their liquidity to ensure credit is available to the private sector and to the Kingdom's vital projects.

In a move which underscores the Kingdom's commitment to reform, the Saudi General Investment Authority (SAGIA) announced that a mortgage law will be passed in the coming few weeks. The news was well received as the Saudi Credit and Savings Bank announced it will provide housing loans to Saudi nationals in order to encourage them to own real estate. Once the law is passed, expectations are that many banks will follow to cater for the large segment of Saudi nationals currently unable to afford homes. The move should provide a positive stimulus to the real estate market once the law is passed.

The Investment Manager believes that the market will remain volatile throughout the first half of the year. We believe that this will provide attractive entry points in core positions. Over the past few months, the effects of the credit crunch combined with one of the worst global recessions have curtailed growth expectations in the Kingdom; however we believe that the Saudi economy is well positioned to face these challenges. Against this backdrop, the Investment Manager believes the Kingdom will prudently use the accumulated surpluses from the boom to sustain real economic growth. The Investment Manager will focus on the best in breed, defensive names that will benefit from the Kingdom's 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 Saudi Arabia Fund	MSCI Saudi Arabia Domestic Index	Difference
Month to Date	-8.6%	-10.7%	2.1%
Year to Date	-9.7%	-11.1%	1.4%
2008	-51.6%	-52.4%	0.8%
Inception to Date	-56.3%	-57.7%	1.4%

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

Fund Information

NAV per share	SAR 4.3666
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	25
P/E Ratio 09	7.0x

Top 5 Holdings

Holding	Sector	Holding %
Al Rajhi	Banks & Financial Services	9.3%
Saudi Telecom Company	Telecom & IT	8.3%
SABIC	Petrochemicals	8.1%
Etihad Etisalat	Telecom & IT	7.9%
SA Fertilizers	Petrochemicals	6.3%

Fund Sector Allocation

