

### Fund Manager's Strategy & Outlook

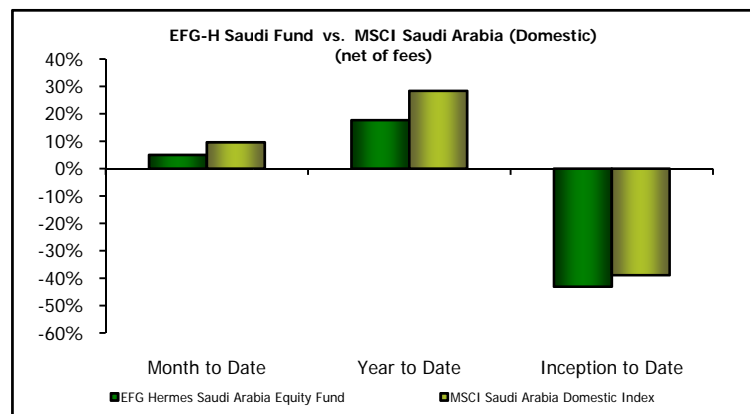
Over the course of the past month, the Investment Manager took advantage of a marked improvement in market sentiment, coupled with a rally in commodity prices. As a result, and despite market volatility, the Saudi Fund gained 5.0% for the month bringing its YTD performance to 17.7%.

The Investment Manager capitalized on improved sentiment by increasing the Fund's exposure to the petrochemical sector. In addition, exposure to the retail and mining sectors were increased, the latter of which has been trading as a proxy for gold for some time.

A key outcome of the recent spike in oil prices is the added comfort provided to the Kingdom's authorities as they pursue their efforts to achieve their ambitious infrastructure development plans. Spending is projected to continue, especially throughout the second half of the year as authorities have consistently stressed the importance of their development plans to sustaining economic growth. Furthermore, the Kingdom's 2009 budget anticipated oil prices to range between USD40 and USD45 with a breakeven of around USD50. Assuming that oil continues to trade above USD60 throughout the year, the Kingdom is expected to end 2009 with a fiscal surplus.

In the basic materials sector, the Kingdom's ban on steel exports has recently been lifted and is expected to positively affect steel companies' financial statements in the second half of the year. In addition, cement companies have also successfully persuaded the authorities to lift export restrictions. The Kingdom now allows cement companies to export excess supply provided local prices of cement are capped at SAR10 per bag. Some cement companies have already started to apply this new trade regulation, with more firms expected to follow in the coming few months.

Renewed market confidence has further prompted Saudi Arabia's Capital Market Authority (CMA) to approve 6 IPOs across various sectors, marking a return in IPOs to the Kingdom. In another development, the CMA announced its plans to create a securities market to trade Islamic bonds, or sukuks, in addition to conventional bonds. Both moves underscore the CMA's commitment to continued market reform in the Kingdom. This should bolster investor confidence in the short to 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

Returns	EFG-Hermes Saudi Fund	MSCI Saudi Arabia Domestic Index	Difference
Month to Date	5.0%	9.6%	-4.6%
Year to Date	17.7%	28.4%	-10.7%
2008 *	-51.6%	-52.4%	0.8%
Inception to Date	-43.1%	-38.9%	-4.2%

\*Fund's inception date was June 17<sup>th</sup>, 2008

### Fund Information

NAV per share	SAR 5.6911
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	29
P/E Ratio 09	11.3x

### Top 5 Holdings

Holding	Sector	Holding %
SABIC	Petrochemicals	13.2%
Al Rajhi	Banks & Financial Services	10.1%
Saudi Telecom Company	Telecom & IT	8.2%
Etihad Etisalat	Telecom & IT	6.9%
Yansab	Petrochemicals	5.5%

### Fund Sector Allocation

