



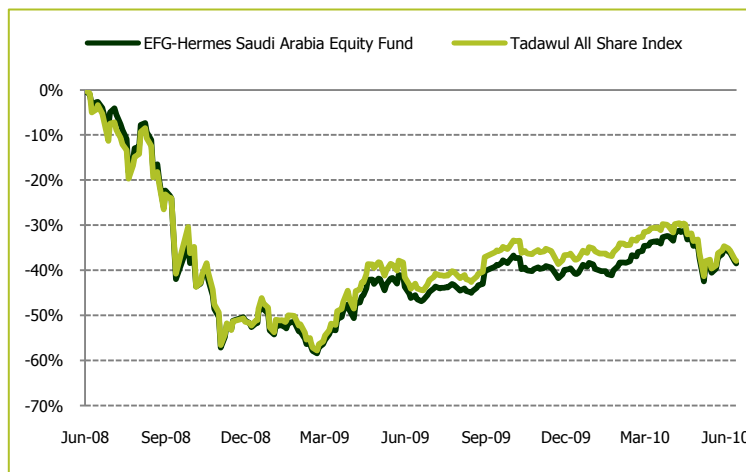
Fund Manager's Strategy & Outlook

Global market volatility persisted in June as most global and regional markets declined. The EFG-Hermes Saudi Arabia Equity Fund, however, stayed flat over the month bringing its YTD performance to +3.9%. The Tadawul All Share Index (TASI) declined slightly by 0.4% to bring its YTD performance to -0.5%. The Investment Manager continues to outperform the market while maintaining lower relative volatility despite market conditions.

Saudi Arabia's Tadawul All Share Index (TASI) displayed notable resiliency during the month to end only slightly negative. The Investment Manager retains a positive view on the Saudi market given the attractive macroeconomic dynamics in the Kingdom and stable oil prices despite uncertainty in global equity markets. The Saudi Central Bank Governor's assertion that monetary and credit conditions in the Kingdom do not warrant any potential tightening or change in the short-term reassured investors of the government's commitment to supportive government policies and expansionary spending. The release of positive economic data including an increase in overall bank deposits, money supply growth and the opening of new letters of credit to accommodate greater trade flows helped keep the Saudi market on relatively stable footing.

The Investment Manager continued to be underweight the banking sector going into June as we expected Q2 results to be largely flat on the back of slow lending growth. In the coming weeks, we will look to selectively increase exposure to the sector which should potentially benefit from new government financing deals and a pick-up in credit growth in 2H 2010. The Investment Manager remains constructive on some names in the consumer goods and building & construction spaces as domestic demand and infrastructure spending remain strong in the Kingdom. Lastly, the Investment Manager has maintained exposure to select names in the petrochemical space, but does not believe the sector as a whole will outperform in the short-term.

Volumes are expected to increase in the coming weeks in anticipation of Q2 2010 earnings results. Following earnings announcements, however, volumes will revert to being relatively muted, while markets will continue to suffer from volatility in line with global cues. Short-term performance in the Saudi market may continue to be broadly correlated with global indices, however the Investment Manager reiterates a positive view for outperformance in the medium to long 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	0.0%	-0.4%	0.4%
Year to Date	3.9%	-0.5%	4.4%
2009	22.4%	27.5%	-5.1%
2008 *	-51.6%	-51.1%	-0.5%
Inception to Date	-38.5%	-37.9%	-0.6%

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

Fund Characteristics

No. of Holdings	35
Weighted Market Cap	SAR 59.1 billion
Dividend Yield*	2.1%
P/E Ratio 10	13.3x

*Figure reflects the weighted average yield of a dividend-bearing security in the fund

Fund Metrics

	Saudi Fund	TASI
Volatility	30.5%	31.4%
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	12.3%
Al Rajhi Bank	Banks & Financial Services	10.0%
Samba Financial Group	Banks & Financial Services	5.8%
Etiihad Etisalat	Telecom & IT	5.0%
Bank Saudi Fransi	Banks & Financial Services	4.0%

Fund Data

NAV per Share	SAR 6.1505
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

