



Fund Manager's Strategy & Outlook

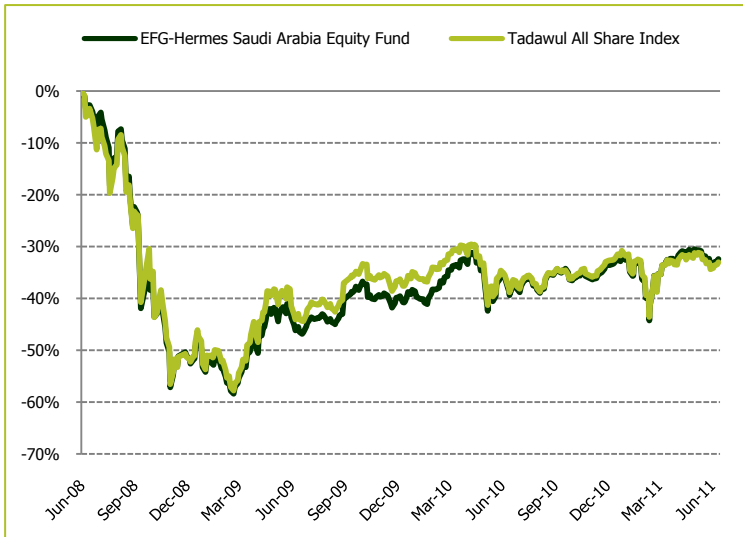
The Saudi market slowed down in June with the Tadawul All Share Index declining 2.4%. The Fund dropped 2.2% during the month with a YTD performance of 1.4% compared to -0.7% for the TASI index. The market weakness was largely due to global economic concerns including the European Union sovereign debt woes.

Saudi Arabia's Purchasing Managers Index (PMI) recovered in June to match the previous series high it set in March at 62.8. New orders were particularly strong, with an impressive 53% of firms reporting higher demand in general during the month, while a lower but healthy 24% reported higher new export orders. The sub-indexes also showed that price pressures eased in June, with a lower reading for the input price index and staff costs.

The Real Estate Development Fund (REDF) announced that it will allow loan seekers to apply for real estate loans without the requirement that they own the land. The ceiling of the real estate loan amount will also be increased to SAR 500,000, up from SAR 300,000 currently. This is expected to further boost construction activity in the Kingdom.

Only two sectors gained during the month; cement increased 1.92% while retail edged up 0.17%. On the other hand, multi-investment was the worst performer losing 9.06%. Banks were weak returning -3.9% on the back of a slowdown in lending growth in April that later recovered in May while petrochemicals, supported by expectations of strong Q2 results, were resilient losing 0.8% only despite a 7.6% drop in oil prices (WTI). The Investment Manager closed positions in the cement and agriculture sectors and increased exposure to banks and petrochemicals. The Fund's overall exposure increased to 96.5% as of June end.

Going into July, the Saudi market should be driven by Q2 results, which are expected to be strong especially for petrochemical and consumer companies. Any profit taking during the results season will offer an opportunity to reshuffle the portfolio and position it for the summer period which coincides with the Holy month of Ramadan.



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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	-2.2%	-2.4%	0.2%
Year to Date	1.4%	-0.7%	2.1%
2010	12.7%	8.2%	4.5%
2009	22.4%	27.5%	-5.1%
2008 *	-51.6%	-51.1%	-0.5%
Inception to Date	-32.4%	-33.0%	0.6%

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

Fund Characteristics

No. of Holdings	25
Weighted Market Cap	SAR 67.0 billion
Dividend Yield*	2.6%
P/E Ratio 11	11.8x

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

Fund Metrics

	Saudi Fund	TASI
Volatility	26.9%	27.4%
Beta *	0.97	-

*Calculated vs. the Tadawul All Share Index (TASI) since the Fund's inception

Top Five Equity Holdings

Holding	Sector	% of NAV
SABIC	Petrochemicals	11.7%
Al Rajhi Bank	Banks & Financial Services	11.2%
Etihad Etisalat	Telecom & IT	8.0%
Banque Saudi Faransi	Banks & Financial Services	6.4%
Samba Financial Group	Banks & Financial Services	6.3%

Fund Data

NAV per Share	SAR 6.7619
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

