



Fund Manager's Strategy & Outlook

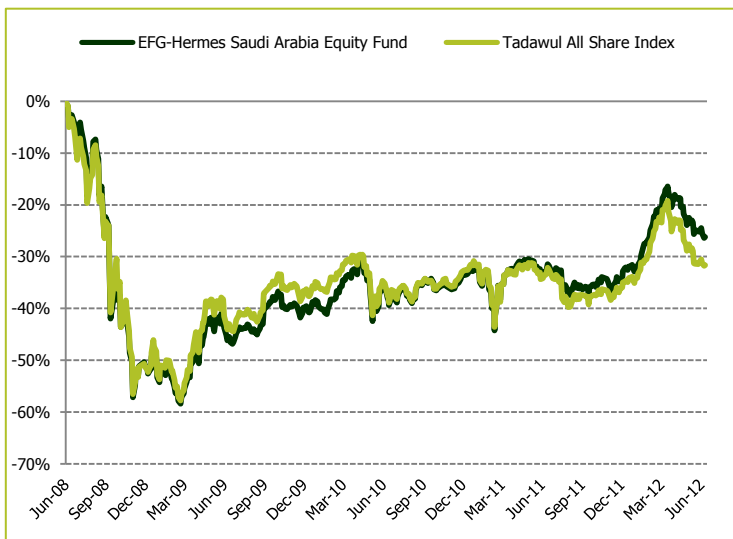
The Saudi market continued its pullback for the third consecutive month with the Tadawul All Share Index losing 3.8% in June for a YTD performance of 4.6%. The Fund lost 3.6% during the month and is now up 8.6% YTD. The weak performance was largely due to sustained global economic concerns and regional geopolitical tensions. Turnover also dropped for the third month in a row with daily value traded averaging USD 1.64 billion during the month of June.

Prince Salman bin Abdulaziz Al Saud was appointed Crown Prince following the death of Crown Prince and Interior Minister Nayef bin Abdulaziz Al Saud mid June. He was also named deputy prime minister and will retain his role as defence minister, which he was appointed to in October 2011 following the death of Crown Prince and Defence Minister Sultan bin Abdulaziz Al Saud. Prince Ahmed bin Abdulaziz Al Saud was appointed minister of interior. The smoothness of the second transition in less than a year underscores the royal family's effective succession mechanism.

Saudi Arabia's Purchasing Managers Index (PMI) data for the month of June showed that non-oil private sector activity remained strong, with the overall index coming in at 59.7 points vs. 60.4 points in May. Despite the slight weakening in the index due to the slower summer period, growth in output actually accelerated to 63.8 points from 63.1 points in May.

Petrochemicals and banks outperformed in June dropping 0.7% and 1.1% respectively. The telecom sector was the worst performer losing 2.5% while transport was the best performer gaining 14.7%. The Investment Manager reduced exposure to building & construction companies during the month and increased exposure to real estate names while maintaining the Fund's high overall exposure level.

Going into July, during which first half results will be reported, the market is trading at very attractive levels following the sharp correction that started early April. The Investment Manager believes the strong YoY earnings growth expected from most major sectors except petrochemicals should set the tone for a solid market performance in the second half of the year.



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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**	-3.6%	-3.8%	0.2%
Year to Date	8.6%	4.6%	4.0%
2011	1.8%	-3.1%	4.9%
2010	12.7%	8.2%	4.5%
2009	22.4%	27.5%	-5.1%
2008*	-51.6%	-51.1%	-0.5%
Inception to Date	-26.2%	-31.6%	5.4%

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

** MTD figures reflect performance between May 31st, 2012 and June 30th, 2012

Fund Characteristics

No. of Holdings	28
Weighted Market Cap	SAR 47.1 billion
Dividend Yield*	3.2%
P/E Ratio 12	8.8x

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

Fund Metrics

	Saudi Fund	TASI
Volatility	25.1%	25.5%
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	Petrochemical Industries	8.4%
Al Rajhi Bank	Banks & Financial Services	8.1%
Samba Financial Group	Banks & Financial Services	6.0%
National Industrialization	Petrochemical Industries	5.4%
Etihaq Etisalat	Telecom & IT	5.4%

Fund Data

NAV per Share	SAR 7.3801
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

