



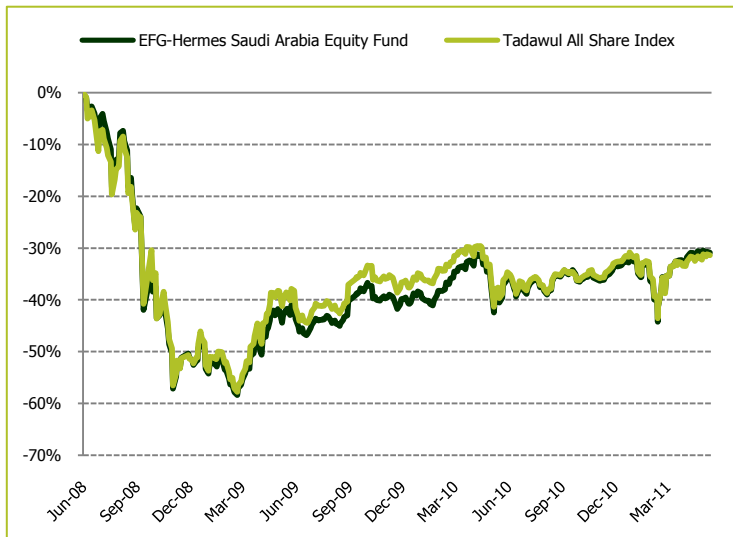
Fund Manager's Strategy & Outlook

The Saudi market edged up in May with the Tadawul All Share Index gaining 0.4%. The Fund was flat during the month for an unchanged YTD performance of 3.6% compared to 1.7% for the TASI index. The relatively flat market performance was largely a result of lack of local catalysts with trading concentrated in small and mid caps, including numerous speculative names.

The central bank's latest sector data for the month of April showed a slowdown in private sector credit growth momentum after a steady acceleration in the first three months. Aggregate profits were flat on a MoM basis largely due to pressure on net interest margins from rising liquidity and maturity of high yielding government bonds. On another note, YTD sector earnings were up 6.5% YoY as of end of April. Macro indicators signaled a continued strength of economic activity with POS transactions and ATM cash withdrawals recording strong growth during the month, likely driven by the recently announced salary bonuses.

The top performing sector for the month was cement, which gained 13.5%. The banking sector declined by 2.5% on the back of sector data missing expectations while the petrochemical sector dropped 1.7% mainly due to a 10.3% drop in oil prices (WTI) and increased concerns about the global economic recovery. The Investment Manager booked profits in the cement sector following the sharp rally in May and increased exposure to the industrial investment and real estate sectors.

With mixed global economic data and the continued lack of local catalysts, the Saudi market is expected to trade sideways with more downside risk in the next couple of weeks; however, as we get closer to the month end the market should be driven by second quarter results expectations.



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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	3.6%	1.7%	1.9%
2010	12.7%	8.2%	4.5%
2009	22.4%	27.5%	-5.1%
2008 *	-51.6%	-51.1%	-0.5%
Inception to Date	-30.9%	-31.4%	0.5%

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

Fund Characteristics

No. of Holdings	29
Weighted Market Cap	SAR 66.0 billion
Dividend Yield*	2.6%
P/E Ratio 11	12.6x

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

Fund Metrics

	Saudi Fund	TASI
Volatility	27.3%	27.8%
Alpha *	1.9%	-
Beta *	0.97	-

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

Top Five Equity Holdings

Holding	Sector	% of NAV
Al Rajhi Bank	Banks & Financial Services	12.5%
SABIC	Petrochemicals	10.1%
Etihad Etisalat	Telecom & IT	7.2%
Samba Financial Group	Banks & Financial Services	6.1%
Riyad Bank	Banks & Financial Services	5.4%

Fund Data

NAV per Share	SAR 6.9105
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

