

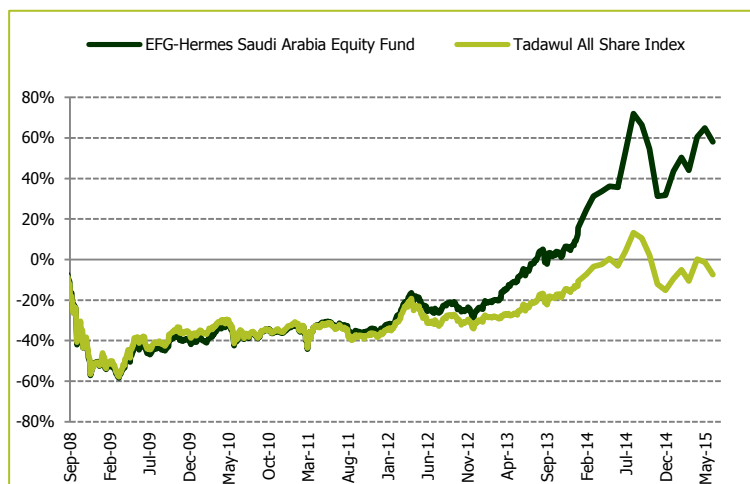
Fund Manager's Strategy & Outlook

The correction in the Saudi market continued in June with the Tadawul All Share Index losing 6.2% ending the month with a YTD return of 9.0%. The Fund declined by 4.1% during the month and is now up 20.1% YTD. The weakness started on the 15th of June, the effective date of the market opening to QFIs, as foreign inflows were muted, in line with our expectations. This was also exacerbated by the increased Greek debt concerns. Turnover decreased significantly with daily traded value averaging SAR 5.1 billion largely due to the holy month of Ramadan starting in the second half of June.

SAMA's latest monetary data release for the month of May 2015 showed an aggregate sector loan growth of 9.6% and a deposit growth of 10.1% Y-o-Y. Sector earnings dropped 10.0% M-o-M largely due to one off gains in April. The government's total reserves declined by 1.0% M-o-M in May, its slowest rate of decline since the start of 2015. A government bond issue is expected in the coming few weeks and should result in improving banks' investment yields.

All sectors were down in June led by utilities, industrial investment, and banks losing 12.4%, 10.0%, and 8.2% respectively. Transportation, telecom, and retail were among the top performing sectors losing 1.8%, 2.1%, and 2.2% respectively. The performance of the petrochemicals sector was in line with the market losing 6.2%, while food companies outperformed losing 3.7%. The Investment Manager increased exposure to transportation, banks and cement companies and reduced exposure to food companies and cash during the month.

Second quarter results will be reported in July, and while the market will take cues from companies earnings, it is expected to be influenced by the continued Greek uncertainty and oil price volatility in the short term. The Investment Manager will be looking to utilize any resulting market dislocations to reposition the portfolio for the coming period.



EFG-Hermes Asset Management

Tel: 9714-363 4047 / Fax: 9714-362 1171
e-mail : AMsales@efg-hermes.com

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 ¹ | Difference |
|--------------------|------------|-------------------|------------|
| Month to Date** | -4.1% | -6.2% | 2.1% |
| YTD | 20.1% | 9.0% | 11.1% |
| 2014 | 17.2% | -2.4% | 19.6% |
| 2013 | 48.8% | 25.5% | 23.3% |
| 2012 | 11.2% | 6.0% | 5.2% |
| 2011 | 1.8% | -3.1% | 4.9% |
| 2010 | 12.7% | 8.2% | 4.5% |
| Inception to Date* | 58.1% | -7.4% | 65.5% |

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

** MTD figures reflect performance between 31 May, 2015 and 30 June, 2015

¹TASI is a price return index

Fund Characteristics

| | |
|---------------------|------------------|
| No. of Holdings | 29 |
| Weighted Market Cap | SAR 50.6 billion |
| Dividend Yield* | 3.6% |
| P/E Ratio 15 | 13.5 |

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

Fund Metrics

| | Saudi Fund | TASI |
|------------|------------|-------|
| Volatility | 23.2% | 22.4% |
| Beta* | 1.0 | - |

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

Top Three Equity Holdings

| Holding | Sector | % of NAV |
|------------------------|----------------------------|----------|
| Samba Financial Group | Banks & Financial Services | 6.5% |
| Al Rajhi Bank | Banks & Financial Services | 5.4% |
| Saudi Basic Industries | Petrochemical Industries | 5.2% |

Fund Data

| | |
|---------------------------|---------------|
| NAV per Share | SAR 15.8092 |
| Management Fee | 2% |
| Minimum Subscription | SAR 50,000 |
| Subscription / Redemption | Twice Weekly |
| Inception Date | June 17, 2008 |

Fund Identifiers

| | |
|------------------|--------------|
| ISIN Code | XC000A1W4DX3 |
| Bloomberg Ticker | EFGSAUD AB |
| Reuters Code | LP65122906 |

Allocation by Economic Sector

