



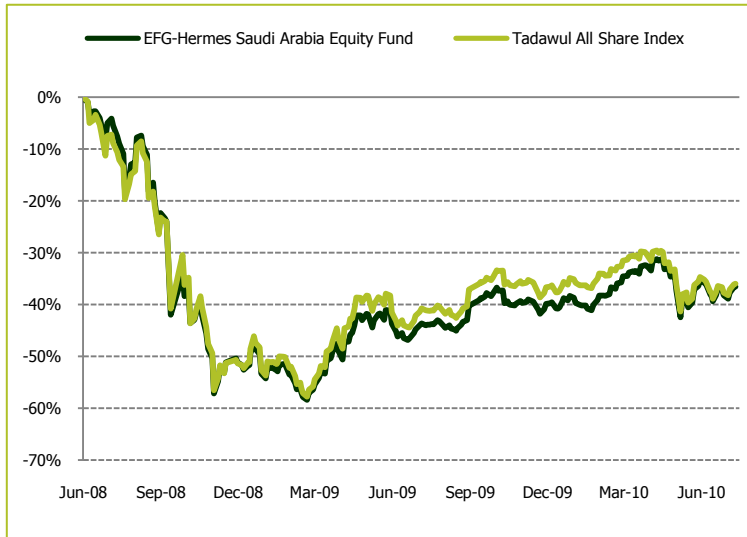
Fund Manager's Strategy & Outlook

Global and regional markets largely recovered from the declines suffered in June with the Tadawul All Share Index (TASI) gaining 3.1%. The EFG-Hermes Saudi Arabia Equity Fund outperformed over the month adding 3.2% bringing its YTD active return to 4.7%. Weakening concerns over the European sovereign debt issue and a rebound in commodity prices were the principal drivers of this positive performance. Relatively strong Q2 2010 earnings announcements also helped reinforce recovering investor sentiment.

Almost all sectors in the Saudi market posted quarter-on-quarter growth with real estate and petrochemicals being the notable exceptions declining 14.2% and 2.2%, respectively. Petrochemical companies, however, had varied results with some companies reporting significant growth on the back of higher utilization rates of recently added production capacities. The Investment Manager has generally decreased exposure to the petrochem sector following earnings announcements in order to book profits and reduce short-term downside risks. Q-o-Q results for banks were largely flat (modestly gaining 2.4%) as lending growth has yet to gain steam in any meaningful way. The Investment Manager has increased exposure to names in the industry as resumption in growth is expected in the coming months.

Oil price strength coupled with continued spending by both the Saudi government and private sector should lend support to the market during the second half of the year. Saudi Aramco's awarding of USD 7 billion worth of construction contracts in July was further testament to the Kingdom's commitment to following-through with its aggressive investment program despite hiccups in the global economic recovery.

Volumes are expected to remain weak in August and possibly drop further as the holy month of Ramadan commences the second week of August. The Investment Manager believes that potential short-term weakness in the market will offer an attractive opportunity to increase exposure to selective companies and sectors that are expected to outperform during the remainder of 2010.



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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	3.2%	3.1%	0.1%
Year to Date	7.3%	2.6%	4.7%
2009	22.4%	27.5%	-5.1%
2008 *	-51.6%	-51.1%	-0.5%
Inception to Date	-36.5%	-35.9%	-0.6%

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

Fund Characteristics

No. of Holdings	37
Weighted Market Cap	SAR 58.5 billion
Dividend Yield*	2.1%
P/E Ratio 10	12.9x

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

Fund Metrics

	Saudi Fund	TASI
Volatility	30.1%	31.0%
Beta *	0.96	-

*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	12.0%
SABIC	Petrochemicals	10.0%
Samba Financial Group	Banks & Financial Services	6.0%
Etihad Etisalat	Telecom & IT	4.3%
Bank Saudi Fransi	Banks & Financial Services	4.2%

Fund Data

NAV per Share	SAR 6.3502
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

