



Fund Manager's Strategy & Outlook

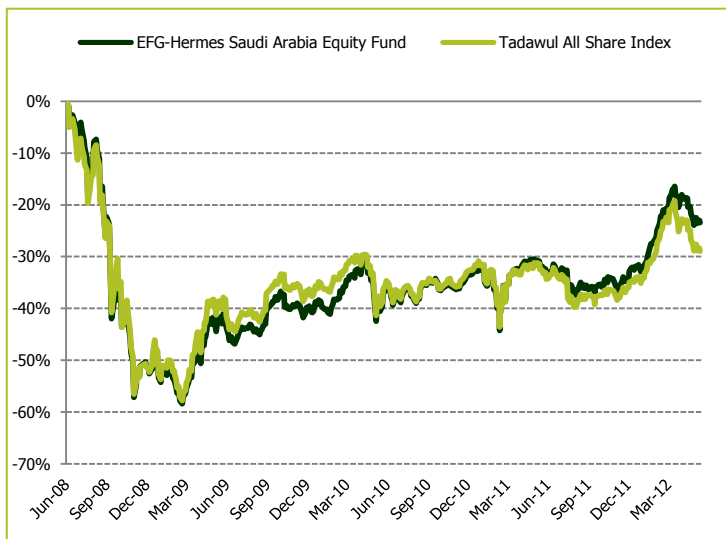
The Saudi market continued its pullback in May with the Tadawul All Share Index losing 7.7% for a YTD performance of 8.7%. The Fund lost 5.9% during the month and is now up 12.7% YTD. The weak performance was triggered by a global bear equity market on the back of negative political developments in Europe, particularly in France and Greece, and renewed concerns about the health of the world economy. Turnover continued to drop for the second month in a row with daily value traded averaging USD 1.97 billion during the month, a positive sign in a down market.

While oil prices fell sharply in May with Brent dropping 14.5% to USD 101.9 per barrel, the Saudi government re-iterated its commitment to its spending program through its finance minister, Ibrahim Al-Assaf, saying that the Kingdom has no plans to lower its public spending even if oil prices drop below the USD 100 level.

MSCI announced that it will re-introduce coverage of the Saudi Arabian equity market with standalone country indices after reaching an agreement with the Tadawul for the provision of market data. We believe this is an important step forward and a positive read for the Saudi market to be included in the MSCI frontier and then the emerging market index once the market is opened for direct foreign investment.

All sectors were down in May with building & construction and petrochemicals ending the month among the worst performers losing 16.4% and 12.5% respectively, while retail and cement were among the best performers losing 5.9% and 6.2% respectively. The Investment Manager reduced exposure to banks and agriculture & food companies and increased exposure to building & construction and petrochemical companies while increasing the Fund's overall exposure level.

As of end of May, the market has lost 12.1% from its peak of 7,931 points recorded in early April and is now trading below the 7,000 points level. While volatility might continue in the short term on the back of global economic concerns, The Investment Manager believes that the market offers significant value at current levels.



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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**	-5.9%	-7.7%	1.8%
Year to Date	12.7%	8.7%	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	-23.4%	-28.9%	5.5%

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

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

Fund Characteristics

No. of Holdings	25
Weighted Market Cap	SAR 47.9 billion
Dividend Yield*	3.0%
P/E Ratio 12	10.8x

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

Fund Metrics

	Saudi Fund	TASI
Volatility	25.3%	25.7%
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	9.0%
Al Rajhi Bank	Banks & Financial Services	8.5%
Samba Financial Group	Banks & Financial Services	6.2%
National Industrialization	Petrochemical Industries	5.7%
Etihaq Etisalat	Telecom & IT	5.6%

Fund Data

NAV per Share	SAR 7.6565
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

