



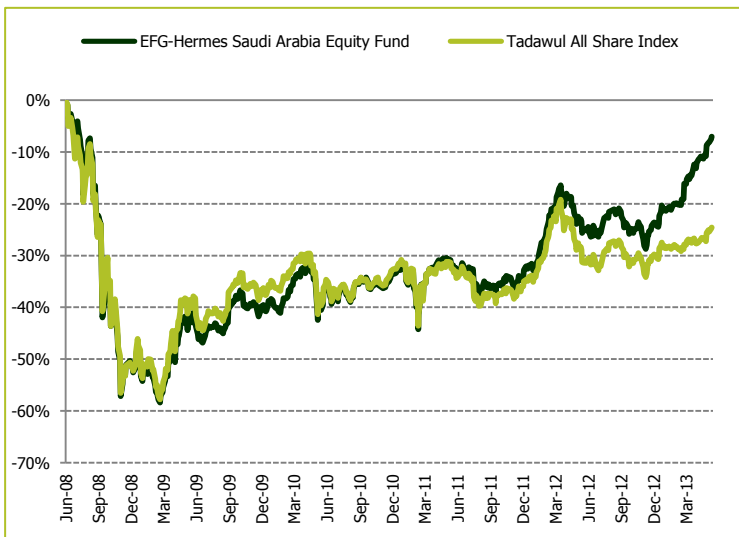
Fund Manager's Strategy & Outlook

The Saudi market continued its strong performance in May with the Tadawul All Share Index gaining 3.1% for a YTD performance of 8.9%. The Fund gained 4.3% during the month and is now up 23.1% YTD. Turnover slowed down with daily traded value averaging USD 1.5 billion in May.

The Capital Market Authority (CMA) extended the daily 10% limit for stock price movements to newly listed companies on their first day of trading on the Saudi stock exchange. Previously, the 10% limit did not apply to new listings on their first day of trading. The CMA is also considering introducing other new regulations, such as the change of the closing price mechanism from a last trade based mechanism to a last 15 minutes VWAP based one. We view these regulations as welcome steps that aim to reduce speculative activities and to increase the institutionalization of the market, which in turn should result in further development of the market and improvement in its medium to long term attractiveness for institutional investors.

Sector performance was mixed in May. Small sectors that used to attract the bulk of speculative activities fared badly, with insurance ending the month as the worst performing sector dropping 9.2%. On the other hand, real estate was the best performing sector rallying 9.1% on the back of positive momentum in the sector. Banks and petrochemicals outperformed the market with a performance of 3.6% and 3.8% respectively. The Investment Manager reduced exposure to retail and building & construction companies, and increased exposure to food and transportation companies in May. Overall exposure was maintained at a high level.

Going into the summer month of June, and given the strong YTD performance, the market might see some profit taking over the next few weeks. The Investment Manager believes that any short term weakness will be short lived and will offer renewed momentum to the market which enjoys very strong fundamentals and attractive valuation 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 ¹	Difference
Month to Date**	4.3%	3.1%	1.2%
Year to Date	23.1%	8.9%	14.2%
2012	11.2%	6.0%	5.2%
2011	1.8%	-3.1%	4.9%
2010	12.7%	8.2%	4.5%
2009	22.4%	27.5%	-5.1%
Inception to Date*	-7.1%	-24.6%	17.5%

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

** MTD figures reflect performance between April 30th, 2013 and May 31st, 2013

¹ TASI is a price return index

Fund Characteristics

No. of Holdings	30
Weighted Market Cap	SAR 49.7 billion
Dividend Yield*	3.0%
P/E Ratio 13	12.4x

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

Fund Metrics

	Saudi Fund	TASI
Volatility	23.5%	23.5%
Beta [*]	0.98	-

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

Top Five Equity Holdings

Holding	Sector	% of NAV
SABIC	Petrochemical Industries	9.1%
Al Rajhi Bank	Banks & Financial Services	8.9%
Etihad Etisalat	Telecom. & Information Tech.	5.6%
Samba Financial Group	Banks & Financial Services	5.5%
Al Inma Bank	Banks & Financial Services	4.1%

Fund Data

NAV per Share	SAR 9.2938
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

