



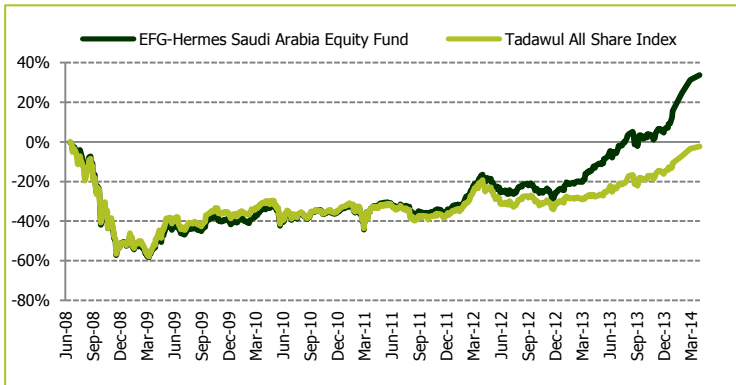
Fund Manager's Strategy & Outlook

The Saudi market continued its uninterrupted rally for the ninth consecutive month with the Tadawul All Share Index gaining 2.5% in May for a YTD return of 15.1%. The Fund gained 1.9% during the month and is now up 21.2% YTD. Turnover also continued to increase with the daily traded value averaging USD 3.1 billion in May.

The latest Saudi Arabian Monetary Agency (SAMA) data for the month of April showed aggregate banking sector earnings surging 38% YoY to SAR 4.3 billion, the highest monthly profit ever. Private sector credit grew 11.9% YoY and deposits increased 13.6% YoY. While we believe that the surge in earnings could have been driven by stronger non-interest income and sharply lower provisioning which might not be sustainable, we maintain our positive view on the banking sector which continues to have the Fund's biggest allocation as a core medium term investment.

Sector performance was mixed in May. Energy & utilities was the top performing sector rallying 9.3% followed by real estate and cement, which gained 5.5% and 4.8% respectively. On the other hand, transportation was the worst performing sector losing 8.2% followed by telecoms, which dropped 1.8%. Banks outperformed while petrochemicals slightly underperformed, gaining 4.3% and 2.0% respectively. The Investment Manager reduced exposure to retail, hotel & tourism, and petrochemicals and increased exposure to banks, industrial investment and real estate companies during the month.

Going into the month of June, trading volumes are expected to start slowing down as local investors leave for the summer vacation. The Investment Manager expects a period of sideways trading with potential downside pressure during the short term and will be looking to utilize any market dislocations that might arise from lower liquidity to re-position the Fund for the second half of 2014.



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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**	1.9%	2.5%	-0.6%
Year to Date	21.2%	15.1%	6.1%
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%
2009	22.4%	27.5%	-5.1%
Inception to Date*	36.1%	0.1%	36.0%

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

** MTD figures reflect performance between April 30, 2014 and May 31, 2014

¹TASI is a price return index

Fund Characteristics

No. of Holdings	30
Weighted Market Cap	SAR 59.08 billion
Dividend Yield*	2.2%
P/E Ratio 14	13.7

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

Fund Metrics

	Saudi Fund	TASI
Volatility	22.2%	21.8%
Beta *	0.99	-

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

Top Five Equity Holdings

Holding	Sector	% of NAV
SABIC	Petrochemical Industries	9.2%
Al Rajhi Bank	Banks & Financial Services	7.2%
Etihad Etisalat	Telecom & IT	5.5%
Arab National Bank	Banks & Financial Services	5.0%
SAMBA	Banks & Financial Services	4.8%

Fund Data

NAV per Share	SAR 13.6115
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

