

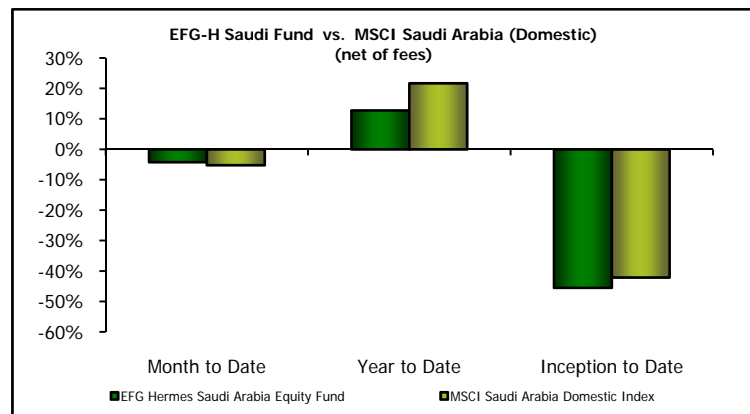
Fund Manager's Strategy & Outlook

The Saudi Fund declined by 4.2 % over the past month versus the MSCI Saudi Arabia Domestic Index which declined by 5.2%. The Saudi market was affected by worldwide negative sentiment, coupled with uncertainty surrounding the exposure of the Kingdom's banks to certain family groups. Regional and international banks are currently in debt restructuring negotiations with the groups.

The Saudi Arabian Monetary Authority (SAMA) has lowered its reverse repo (deposit) rate by 25bps, bringing it down to 25bps in an effort to encourage lending. As bank deposits continue increasing and banks are reluctant to lend, net interest spreads are expected to tighten in the sector.

SAMA's foreign assets dipped by SAR16 billion in May as the Kingdom continued to use excess proceeds from leaner years in its attempt to spur economic development. The government has also looked at additional ways of improving productivity in the steel and cement sectors following the removal of its export bans and is currently in the process of studying the feasibility of allowing new cement companies into the Kingdom.

Over the next period, we expect second quarter results to be the primary driver for the market, which will signal to investors the ability of Saudi companies to navigate through the difficult global economic conditions. Heading into the summer, markets have started to trade on lighter volumes, and we expect the uncertainty surrounding economic conditions to add to the volatility of the market. In this environment, the Investment Manager will continue to underweight the financial services and petrochemical sectors and will maintain an overweight position in more defensive sectors, while keeping selective exposure to high beta names in the real estate and construction sectors.



Hashem Montasser- Managing Director

Mohamed Abdel Halim – Director
Tel: +971 (0) 50 550 6967
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

Returns	EFG-Hermes Saudi Fund	MSCI Saudi Arabia Domestic Index	Difference
Month to Date	-4.2%	-5.2%	1.0%
Year to Date	12.8%	21.7%	-8.9%
2008 *	-51.6%	-52.4%	0.8%
Inception to Date	-45.5%	-42.1%	-3.4%

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

Fund Information

NAV per share	SAR 5.4527
Launch Date	17 June, 2008
Structure	Open Ended
Management fee	2%
Minimum Subscription	SAR 50,000
Subscription/Redemption	Twice Weekly

Fund Identifiers

Bloomberg Ticker	EFGSAUD AB
Reuters Code	LP65122906

Fund Characteristics

No. of Holdings	27
P/E Ratio 09	10.8x

Top 5 Holdings

Holding	Sector	Holding %
SABIC	Petrochemicals	11.7%
Al Rajhi	Banks & Financial Services	9.6%
Saudi Telecom Company	Telecom & IT	8.4%
Etihad Etisalat	Telecom & IT	6.9%
Saudi Fertilizers	Petrochemicals	5.7%

Fund Sector Allocation

