

▶ HSBC Saudi Arabia Limited

HSBC Amanah Global Emerging Markets

Equity Fund – GEM

Monthly Factsheet

as of 30 June 2010

Profile

The fund seeks to provide long-term capital growth by investing in a diversified portfolio of shariah-compliant companies with an official listing on a major stock exchange or other regulated markets of emerging countries, as well as in shares of companies listed in other stock exchanges and regulated markets which carry out a substantial part of their economic activities in any emerging market country .

Top Holdings

Stock	Weight %	Country
Gazprom OAO	6.4	Russia
China Mobile Ltd.	5.9	China
Samsung Electronics Co. Ltd.	5.5	Korea
Reliance Industries Ltd.	5.0	India
Cia Vale do Rio Doce Ord Sh	4.7	Brazil
CNOOC Ltd.	4.3	China
Lukoil Holdings	3.5	Russia
Petrobras Petroleo Brasileiro (Ord)	3.5	Brazil
Infosys Technologies Ltd.	2.5	India
Oil & Natural Gas Corp. Ltd.	2.5	India

Fund Composition

Country	Weight %
India	21.84
Korea	15.12
Russia	13.87
China	11.79
Brazil	11.17

Contact Details

HSBC Saudi Arabia Limited

Local Investors

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International Investors

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Website www.hsbcSaudi.com

Fund Details

Fund Manager HSBC Saudi Arabia Ltd.

Risk/return profile High

Launch date March 06, 2008

Inception unit price USD 10

Bloomberg Code AMANEMR AB

Minimum initial investment USD 5,000

Minimum additional investment USD 2,500

Cut off Time Before 12 pm, Riyadh time; On Monday for Tuesday valuation, and on Wednesday for Thursday valuation.

Valuation Day Tuesday & Thursday

Redeemed Funds Payment Four Business Days after valuation day

Annual Management Fee 2%

Subscription Fee Up to 3%

This document is not intended for marketing of the fund. Investors are urged prior to making an investment decision, to refer to the terms & conditions and the appendix of the fund, and consult with their legal/ investment advisor for independent opinion as to the implication of their acquiring, holding or disposing of the units of the fund.

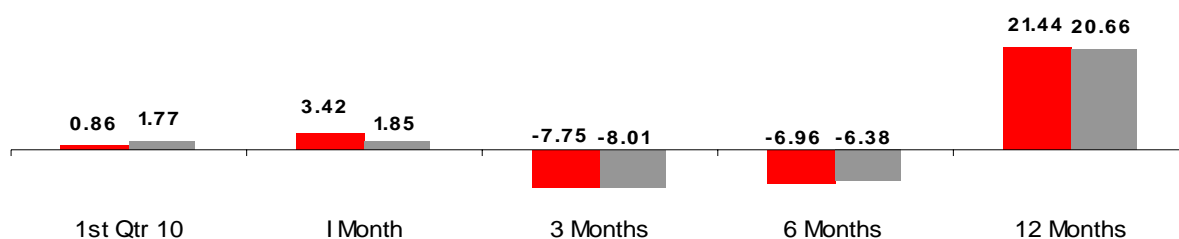
HSBC Global Emerging Markets Equity Fund – GEM

The fund will pursue its objective through active management of a portfolio of shariah-compliant equities. The fund will strictly adhere to shariah investment guidelines for equities approved and endorsed by the shariah supervisory committee of the fund.

Performance

	2008 % Chg	2009 % Chg	Year to Date % Chg	2 Years % Chg	Since Inception % Chg
HSBC Amanah Global Emerging Markets Equity Fund – GEM	-53.69	81.80	-6.96	-24.71	-21.64
Benchmark	-53.34	81.69	-6.38	-19.27	-20.63

■ Fund ■ Index



Please note that the above figures refer to past performance and that past performance is not a reliable indicator of future results. The investment performance of the fund is calculated on a total return basis (i.e. with the cash dividend reinvested), while the investment performance of the benchmark is calculated on a price return basis (i.e. does not include the cash dividend paid). The data is based on the last calculated NAV of the Fund for each month and the value of the benchmark on the corresponding day.

Fund manager comments

Review:

The composite index measured with the performances of the Dow Jones Islamic World Emerging Markets (+1.7%) and the Dow Jones Islamic BRIC Index (+0.7%) weighted by their market capitalisations rose +1.5% in USD over the month. At the end of June, the Dow Jones Islamic World Emerging Markets accounted for nearly 75% of the composite benchmark. Equity markets were hit at the end of the month by the sovereign debt crisis in Europe and increased concerns of a “double-dip” in the global economic activity. The main concern was a possible Chinese slowdown.

The IMF and the World Bank both remain confident regarding the world’s growth potential. They expect global GDP to rise +2.9% in 2010, +3.3% in 2011 and +3.2%/+3.5% in 2012. The recovery is led by emerging markets, as the developed economies are not expected to fully recover from their previous losses. The financial markets began to call into question these expectations. Chinese exportations may slowdown in the second half of the year with policy tightening measures and the European debt crisis. China is seeking to sustain its GDP growth while cooling inflation risks. Analysts are split on whether the Bank of China will raise interest rates this year from crisis levels. The Conference Board corrected its April gauge for the outlook of China’s economy to indicate a slower pace of expansion. The Conference Board Leading Economic Index (LEI) for China was previously reported to have increased 1.7% in April but has been revised to only +0.3% to correct a calculation error.

China’s exports jumped +48.5% in May from a year earlier, the biggest gain in more than six years. Shipment growth may slow as Europe’s deficits undermine investor confidence and force governments to step up spending cuts, clouding the economic outlook. Europe is China’s largest export destination, accounting for 20% of overseas sales. EM equities trade on a forward price earnings ratio of 10.8x, a level 10% lower compared to developed markets. Earnings per share growth forecasts for 2010 are highest for emerging Asia (+41%), followed by Europe Middle East Africa and Latin America, both expected to have a +27% growth. The developed markets are expected to benefit from a +34% rise in 2010 profits. Our global signal on emerging equities shows a +10% rise expected in the next three months. The signal is slightly reduced compared to the previous month, which showed a +14% rise expectation. We therefore remain positive in EM equities.

HSBC Global Emerging Markets Fund rose +2.9% over the month, outperforming the composite benchmark. Stock selection was a positive contributor and had the biggest impact on the fund’s relative performance. Reliance Communications was a significant contribution as the shares were up +42% over the month. The shares surged on speculation Emirates Telecommunications may buy a stake in the Indian telecom company. Commodity-related stocks were also positive contributors. Honam Petrochemical, Oil & Gas Natural, Korea Zinc and LG Chemical, in which the fund is overweight, outperformed the benchmark. Country allocation was also positive, with the fund’s underweight position on Kuwait (-1%). The cash position in the fund (on average 2.5%) was slightly negative for the fund’s relative performance.

The ex-ante tracking error of the fund is close to 4%, with limited sector overweights and underweights and active positions on individual stocks currently limited to +/-1.5% relative to the benchmark. We also monitor the individual contributions to the ex-ante tracking error, stock by stock, in order to limit significant tracking-error contributors. The fund’s exposure to equities is close to 97.5% on average in order to be compliant with the Shariah’s criteria and keep a minimum level of cash in the portfolio. This exposure also limits a negative beta impact and enables the fund to benefit from the rise our model expects in emerging equity markets in the short term.

Unless otherwise stated, all information is up to 30 June 2010, the information and statistical data contained herein have been obtained from source which HSBC Saudi Arabia Limited believes to be reliable: HSBC Saudi Arabia Limited makes no guarantee, representation or warranty and accepts no responsibility as to its accuracy or completeness. The purchase of units in such a fund is not the same as placing cash on deposit with a local bank. HSBC Saudi Arabia Limited has no obligation to redeem units as the offer value, and that the value of investments, and any income from them, can go down as well as up and is not guaranteed and that you, the investor, may not get back the amount originally invested. Changes in rates of currency exchange, particularly where overseas securities are held, may also affect the value of your investment. The investment performance of the fund is calculated on a total return basis (ie with the cash dividend reinvested), while the investment performance of the benchmark is calculated on price return basis (ie does not include the cash dividend paid). For more detailed information, please refer to the fund’s Terms & Conditions through our website. Please refer to the section on risk factors in the fund Terms & Conditions. Fund financials are available free of charge upon written request at any of our financial Centers.

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