

Khaleej Equity Fund

Fact Sheet - January 31, 2007

NAV US\$171.69 ↑ 0.2%

Manager's Commentary

The Gulf bourses started the year on a subdued note with all GCC markets except Oman posting negative returns. Investors remained apprehensive despite the fact that corporate earnings in many cases met or exceeded expectations.

The NAV of Khaleej Equity Fund increased by 0.2% during January owing to its high allocation to Kuwaiti and the UAE equities that appreciated in value. Stocks such as CBK (+18.2%), Wataniya Telecom (+14.4%) and Emaar Properties (+3.6%) helped in improving the fund's performance. However, at the same time, the slightly negative performances of our other main holdings restricted the fund's progress during January.

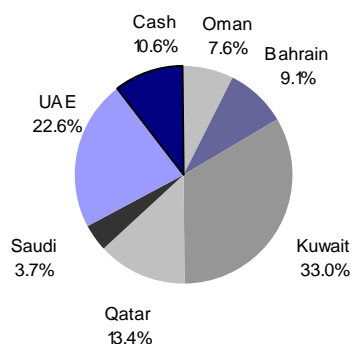
In terms of allocation moves, apart from rebalancing our exposure to various stocks, we built fresh positions in some Saudi blue chip companies (SABIC and STC) that we believe offer decent long term growth prospects. Going forward, our strategy for Saudi Arabia will be to build exposure in selected blue chip equities on market dips. The sharp resurgence in Qatar during the preceding month (up 19.8% in December) prompted us to realize profits for the portfolio. Similarly, we trimmed our exposure in some Omani holdings that had run up and reached their estimated fair values.

As a result of the above mentioned reallocations, the fund still has a decent allocation to cash – 10.6% as of end January. This provides us with the flexibility to build positions as and when new investment opportunities arise.

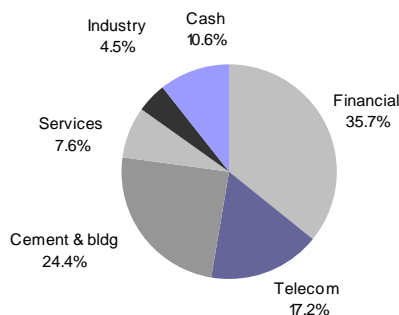
Fund Statistics

Price Earnings Multiple 2006 (x)	11.5
Dividend Yield 2005 (%)	3.5
Number of Holdings	34
Annualized Return (%)	21.0
Largest Monthly Gain (%)	14.7% (Mar 05)
Largest Monthly Loss (%)	-8.2% (May 06)
% of Positive Months	65.7
Annualized Standard Deviation (%)	16.8
Sharpe Ratio	0.95
Maximum Drawdown (%)	-21.8

Country Allocation



Sector Allocation



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Investment Objective

The Fund seeks long-term capital appreciation by investing principally in equity securities listed on the stock markets of GCC Countries.

Fund Returns (%)

	Khaleej Equity Fund	MSCI GCC Index
January 2007	0.2	-4.3
Last 3 months	-5.0	-15.2
Last 6 months	7.2	-17.2
Last 12 months	-15.9	-51.4
2006	-13.9	-45.9
2005	56.8	na*
2004 (April – Dec)	27.0	na*
Since Inception	71.7	na*

* Benchmark was launched in June 2005

Top Holdings

Name	Country	(%)
Emaar Properties	UAE	8.4
MTC	Kuwait	6.3
Burgan Bank	Kuwait	4.8

Fund Information

Launch Date	March 15, 2004
Management Fee	1.5%
Performance Fee	10% over 10% pa
Subscription & Redemption	Monthly
Subscription Deadline	Five Business days before month end
Redemption Deadline	Ten Business days before month end
Minimum Subscription	US\$100,000
Reuters Code	<SICO>
Bloomberg Code	KHALEYQY BI
Fund Listing	Bahrain Stock Exchange
Custodian	Gulf Clearing Company
Auditors	Price Waterhouse Cooper

Head of Asset Management

Shakeel Sarwar

Management Team

Naveed Ahmed, CFA

Serkan Altay

Faisal Jiwani

Khair Fakhro

Hasan Haider