

Khaleej Equity Fund

Fact Sheet - April 30, 2008

NAV US\$281.06 ↑ 7.4%



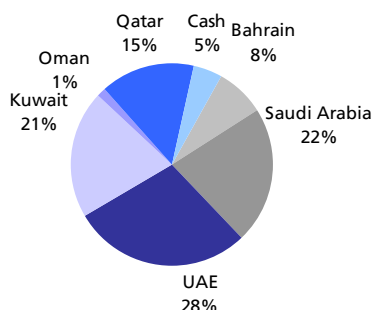
Manager's Commentary

The GCC markets turned around in April as investor concerns abated with the release of strong corporate results. The MSCI GCC index was up by 9.3%, while country indices for Qatar, Saudi and Oman recorded solid gains of 18%, 12% and 11% respectively. The UAE markets also fared well; Abu Dhabi appreciated by 10% while Dubai went up by 7%. However, Kuwait and Bahrain posted only modest gains palling in comparison to their regional counterparts. At the same token, these markets lag behind in announcing corporate results which may have caused investors to take a more defensive stance.

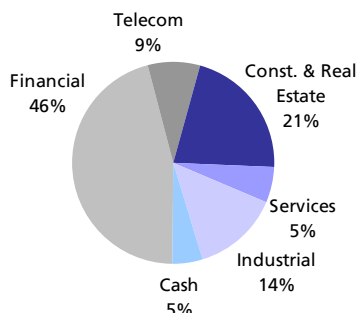
Qatar recouped its losses from March on account of strong earnings growth in the market bellwether, Industries Qatar, as well as the financial sector. In the Saudi market, petrochemicals, construction and cement sectors performed well. However, Saudi banks produced a mixed bag of results while disclosures pertaining to their international debt securities still remain obscure at best.

The NAV of Khaleej Equity Fund appreciated by 7.4% in April in contrast to the MSCI GCC Index which gained 9.3%. The index benefited from certain Saudi banks which were absent from our portfolio for the aforementioned reasons. Having said that, our investments in non-banking Saudi stocks and more importantly, in the UAE equities positively influenced the fund's returns. We increased our country allocations for Saudi and the UAE while reinforcing our position in some select Qatari banks. At the same time, we reduced our exposure in certain stocks in Kuwait upon reassessing their growth potential post Q1 results. After readjusting our portfolio and some profit taking, total cash allocation of the fund remained unchanged at 5% compared to last month. Our future strategy will depend on how the remaining earnings announcements stack up as well through fresh insights from our company visits.

Country Allocation



Sector Allocation



Fund Statistics

Price Earnings Multiple 2008 (x)	12.9
Price to Book Multiple latest (x)	3.3
Dividend Yield 2007 (%)	2.7
Number of Holdings	41
Annualized Return (%)	28.8
Largest Monthly Gain (%)	14.8 (Mar 05)
Largest Monthly Loss (%)	-8.2 (May 06)
% of Positive Months	73
Maximum Drawdown- Peak to Trough (%)	21.8
Length of Drawdown (months)	10
Time to Recovery (months)	12

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 (%)

	Fund	MSCI GCC Index
April 2008	7.4	9.3
Year to Date 2008	14.0	(4.9)
Last 3 months	11.0	4.0
Last 6 months	26.3	8.9
Last 12 months	53.4	33.2
2007	43.9	44.1
2006	(13.9)	(45.9)
2005	56.8	77.5
2004 (Apr - Dec)	27.0	41.1
Since Inception (Mar'04-Mar '08)	181.1	85.5

* Prior to 2005, a domestic GCC index was used

Fund Information

Launch Date	March 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	LP65038262
Bloomberg Code	KHALEQY BI
Zawya Code	SICOKEF.MF
Fund Listing	Bahrain Stock Exchange
Custodian/ Administrator	Gulf Clearing Company

Top Holdings

Name	Country	(%)
Emaar Properties	UAE	7.5
SABIC	Saudi	5.2
Arabtec	UAE	5.1

Risk Statistics

Annualised Standard Deviation (%)	15.5
Sharpe Ratio	1.53
Information Ratio	0.70
Beta	0.46
Alpha (%)	18.4

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