

Manager's Commentary

Regional markets broadly remained flat during the month. While Saudi Arabia and Abu Dhabi were up by 1%, Qatar, Kuwait and Dubai declined by 1-3%. In April, Saudi Arabia's King announced restoration of the bonuses and allowance which were curtailed last year. An increased investor appetite for consumer stocks followed, as reports claimed that as much as USD 20bn may be infused in to the pockets of consumers as a result of this move. We believe these estimates to be very bullish, as anecdotal evidence suggested that the cut to allowances last year was not as harsh as the market initially feared.

During the month, your portfolio appreciated by 2.1%, outperforming the corresponding benchmark which increased by 0.5%. The outperformance was in part due to a number of companies in our portfolio reporting earnings far better than market expectations. In addition, the declines in the Qatari market also positively contributed to the outperformance of the fund since we did not have exposure to stocks listed in Doha.

We expect the regional markets to be range bound in the medium term. Although most OPEC members have indicated willingness to extend the cuts to output, it is unlikely this will have an appreciable impact on the price of oil in the short-term since crude inventories continue to be high. Furthermore, with the markets rallying 15% since the lows reported in October last year, most stocks are fairly valued given the underlying fundamentals. Saudi Arabia is trading at PE(2017E) of 15x, UAE 12x, Kuwait 14x, and Qatar 14x. However, we do see pockets of value in certain companies/sectors that we believe could benefit from the structural changes that regional economies may endure over the next few years. We have invested in a number of these prospects and expect them to generate positive returns despite range bound markets.

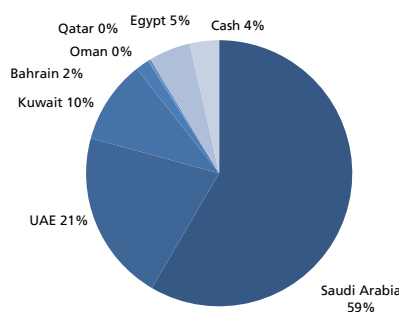
Investment Objective

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

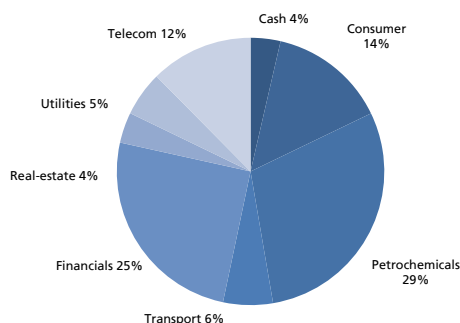
Returns (%)	Fund	Index*
April 2017	2.2	0.5
YTD (April 17)	5.4	1.4
2016	5.8	8.5
2015	-6.2	-14.6
2014	4.7	0.6
Last 3 Months	4.0	-0.2
Last 6 Months	15.2	14.0
Last 1 Year	10.7	7.2
Last 3 Years	-2.7	-18.3
Last 5 Years	35.6	15.5
Last 10 Years	66.2	18.1
Since Inception (March 04 to April 2017)	204.6	118.5

* S&P GCC Total Return Index

Country Allocation



Sector Allocation



Key Statistics

	Fund	Index
Price to Earnings Multiple TTM (x)	19.1	15.1
Price to Book Multiple Latest (x)	1.5	1.5
Return on Equity TTM (%)	7.9	10.0
Dividend Yield—2016 (%)	2.7	3.7
Number of Holdings	30	300
Annualized Return (%) - Last 5 years	6.3	2.9
Annualized Standard Deviation (%) - Last 5 years	15.0	16.3
Largest Monthly Gain (%) - Last 5 years	12.0 (April 15)	11.2 (April 15)
Largest Monthly Loss (%) - Last 5 years	-12.9 (Aug 15)	-13.0 (Aug 15)
% Positive Months (%)	56	54
Success Ratio (%) - Last 5 years	46	NA
Latest Drawdown-Peak to Trough (%)	-29.2	-40.2
Duration of Drawdown (months)	17mths (Aug 14 to Jan 16)	17mths (Aug 14 to Jan 16)
Recovery from Latest Drawdown (%)	25.0 (Feb 16 to April 17)	23.0 (Feb 16 to April 17)

Fund Information

Launch Date	March 2004
Management Fee	1.5%
Performance Fee	10% over 10%
Subscription & Redemption	Weekly
Dealing Day	Thursday
Subscription & Redemption Dead-line	Two Business days before dealing day
Minimum Subscription	USD 100,000
Bloomberg Code	KHALEQY BI Equity
Fund ISIN Code	BH000A1CZ8W7
Custodian / Administrator	HSBC Bahrain

Top Holdings

Name	Country	(%)
Al Rajhi	KSA	7.0
Saudi Electricity	KSA	6.8
SIPCHEM	KSA	6.6

Risk Statistics (last 5 years)

Standard Deviation (%)	15.0
Sharpe Ratio	0.2
Tracking Error (%)	4.6
Information Ratio	1.6
Alpha (%)	6.7
Beta	0.9

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 Investment Bank

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