



Manager's Commentary

During the month of March the S&P GCC index managed to remain flat despite a decline in the price of crude oil. The price of oil declined as much as 11% during the month after range-bound trading over the past 3 months. The Saudi market inched up 0.7% while the remainder of the GCC markets fell 2-4%. During the month, Saudi authorities announced a number of initiatives which would potentially improve the Kingdom's prospects of being added to the MSCI Emerging Markets Index, a development that helped support Saudi market performance.

For the month, your fund was up 0.6% while the benchmark was up 0.2%. Gains in SADAFCO, Aramex and Aluminum Bahrain positively contributed to fund performance. Petrochemical exposure negatively impacted fund performance, as most petrochemical stocks declined in tandem with the decline in the price of oil.

Although we are cognizant of the significant petrochemical capacities coming online in the US and China in 2018 and 2019, we have opted to maintain a healthy exposure to the petrochemical sector. We believe the market is underestimating the medium term cash flow generation potential of the sector. Furthermore, given that the majority of petrochemicals are exported, the sector demand is relatively insulated from fluctuations in the economic fortunes of the domestic market.

During the month, the Qatari market benefited from an influx of passive flows due to the FTSE Emerging Market upgrade. We believe the Qatari market is currently richly valued, given the deteriorating macroeconomic fundamentals in the country. Consequently, we significantly reduced our exposure to Qatar and in turn we are in the process of deploying this cash in Saudi Arabia.

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*
March 2017	0.3	0.0
YTD (March 17)	3.2	0.9
2016	5.8	8.5
2015	-6.2	-14.6
2014	4.7	0.6
Last 3 Months	3.2	0.9
Last 6 Months	14.8	16.0
Last 1 Year	16.5	13.7
Last 3 Years	-1.9	-15.9
Last 5 Years	30.8	12.5
Last 10 Years	67.2	16.8
Since Inception (March 04 to March 2017)	198.2	117.5

* S&P GCC Total Return Index

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

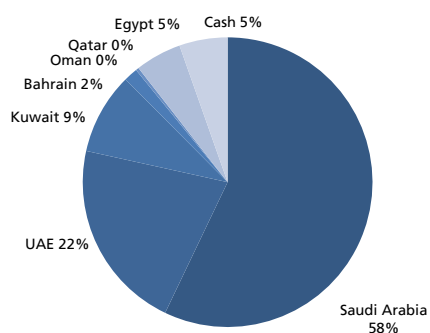
Top Holdings

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

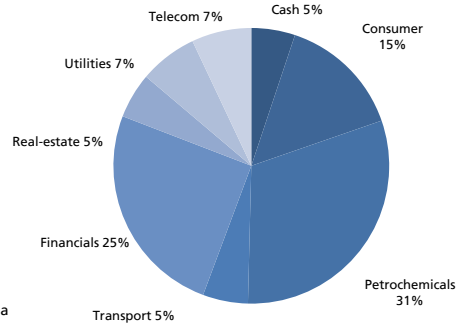
Risk Statistics (last 5 years)

Standard Deviation (%)	15.3
Sharpe Ratio	0.2
Tracking Error (%)	4.5
Information Ratio	1.3
Alpha (%)	5.3
Beta	0.9

Country Allocation



Sector Allocation



Key Statistics

	Fund	Index
Price to Earnings Multiple TTM (x)	17.6	15.4
Price to Book Multiple Latest (x)	1.5	1.4
Return on Equity TTM (%)	8.5	9.8
Dividend Yield—2015 (%)	2.7	3.7
Number of Holdings	30	300
Annualized Return (%) - Last 5 years	5.5	2.4
Annualized Standard Deviation (%) - Last 5 years	15.3	16.7
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 (%)	22.4 (Feb 16 to Feb 17)	22.6 (Feb 16 to Dec 16)

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