

Khaleej Equity Fund

Fact Sheet - July 31, 2007

NAV US\$204.90 ↑ 3.0%

Manager's Commentary

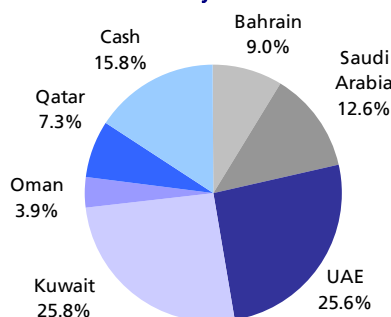
The majority of the GCC markets posted positive returns for the month of July, however the tone was subdued by negative performance in Abu Dhabi (-1.8%) and Dubai (-3.1%). Saudi Arabia was the best performing market (+8.1%), followed closely by Bahrain (+6.7%), Qatar (+3.7%), Kuwait (+3.4%) and Oman (+1.4%) also posted positive returns. However during the second half of the month most of the markets gave up some of their gains due to profit taking.

The Khaleej Equity Fund continues to post steady returns, up 2.9% for the month. SABIC (+12.6%) was one of the main contributors to the fund, reporting excellent results due to high petrochemical prices. Industries Qatar (+11%) also benefited, posting record profits for the quarter. Emaar (-8%) suffered as it reported lower than expected earnings. However we believe the company's new strategy of focusing on adding greater value through land development and reducing land sales will yield strong results. We remain positive on the long term outlook of the stock as the fundamental story remains sound and at these valuations Emaar looks very attractive. Agility (+22%) was our best performer this month on news of its winning several multi-billion dollar logistics contracts with the US military.

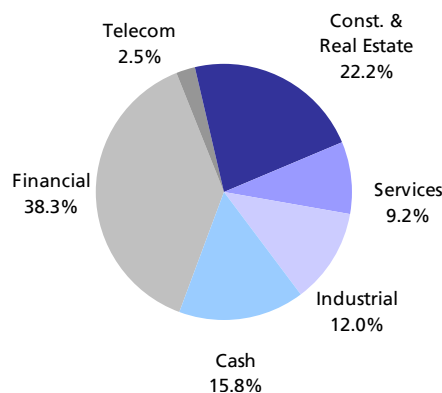
We started to book profits on several of our holdings as they reached their respective fair values. We considerably reduced our position in Bank Muscat and Raysut Cement in Oman. We took advantage of mid-month price increases in Qatar and sold our position in Qatar Gas Transport, as well as considerably reducing our holdings in Qtel. The UAE provided us with a temporary window to exit some of our positions, most notably National Bank of Abu Dhabi.

The earnings season brings with it many ideas and opportunities. We have increased our cash allocation as we look at new investment ideas across the region.

Country Allocation



Sector Allocation



Fund Statistics

Price Earnings Multiple 2007 (x)	9.6
Dividend Yield 2006 (%)	4.0
Number of Holdings	34
Annualized Return (%)	24.0
Largest Monthly Gain (%)	14.7% (Mar 05)
Largest Monthly Loss (%)	-8.2% (May 06)
% of Positive Months	72.5
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
July 2007	3.0	4.2
Year to Date 2007	19.5	13.8
Last 3 months	11.8	10.7
Last 6 months	19.3	18.9
Last 12 months	27.9	-1.6
2006	-13.9	-45.9
2005	56.8	na*
2004 (April - Dec)	27.0	na*
Since Inception	104.9	na*

* Benchmark was launched in June 2005

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	KHALEQY BI
Fund Listing	Bahrain Stock Exchange
Custodian	Gulf Clearing Company

Top Holdings

Name	Country	(%)
Emaar Properties	UAE	7.3
SABIC	Saudi Arabia	6.7
Agility	Kuwait	6.3

Risk Statistics

Annualised Standard Deviation	15.7
Sharpe Ratio	1.20
Information Ratio	0.67
Beta	0.46
Alpha (%)	18.3

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 Investment Bank

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