

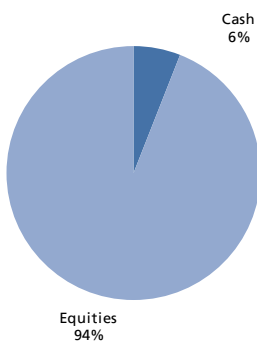
## Manager's Commentary

Most of the regional markets declined in July on the back of issues relating to US debt ceiling and concerns over Eurozone sovereign debt crisis. The only exception was Qatar which increased marginally (+0.5%). The Saudi market declined by 2.8%, driven by declines in cement (-5.7%) and petrochemical (-3.2%) sector. The decline in financials was less pronounced than the rest of the market as most of the banks reported better than expected growth in earnings.

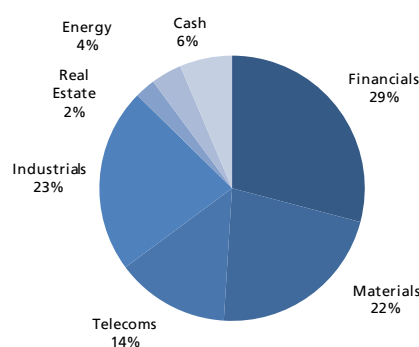
During the month the NAV of your fund decreased by 1% compared to 2.8% decline in its benchmark. Our superior stock picking across various sectors together with the funds cash allocation contributed to the outperformance of the fund. Majority of the companies in Saudi reported second quarter earnings during the month. During the quarter, the aggregate quarterly earnings increased by 27% YoY, primarily driven by petrochemicals and financials. While petrochemical companies benefited from higher end product prices, lower loan loss provisions contributed to the increase in earnings of financials. Despite the healthy growth in earnings, the market performance remained muted due to global economic woes.

In the short-term, we expect regional markets to remain volatile given the uncertainty surrounding global economic situation. Therefore we intend to defensively position our portfolio by increasing our investments in stock with higher dividend yield, stable cash-flows, and companies that are play on consumer spending and infrastructure.

### Asset Allocation



### Sector Allocation



## Key Statistics

|                                     | Fund | Index |
|-------------------------------------|------|-------|
| Price to Earnings Multiple TTM (x)  | 10.8 | 13.4  |
| Price to Book Multiple Latest (x)   | 2.5  | 1.9   |
| Return on Equity TTM (%)            | 22.9 | 14.5  |
| Dividend Yield 2010 (%)             | 4.1  | 3.8   |
| Number of Holdings                  | 23   | 145   |
| Annualized Return (%)               | NA   | NA    |
| Largest Monthly Gain (%)            | 7.6  | 10.5  |
| Largest Monthly Loss (%)            | -4.2 | -6.5  |
| % Positive Months (%)               | 40   | 60    |
| Maximum Drawdown-Peak to Trough (%) | NA   | NA    |
| Length of Drawdown (months)         | NA   | NA    |
| Recovery from recent trough         | NA   | NA    |

## Investment Objective

The primary objective of this Fund is to seek long-term capital appreciation. The Fund will aim to achieve this investment objective by primarily investing in equity securities listed in Saudi Arabia.

| Returns (%)                      | Fund | Tadawul |
|----------------------------------|------|---------|
| July 2011                        | -1.0 | -2.8    |
| YTD 2011 (Feb – Jul )            | 1.3  | 0.5     |
| Last 3 Months                    | -4.1 | -4.7    |
| Last 1 Year                      | NA   | NA      |
| Last 3 Years                     | NA   | NA      |
| Last 5 Years                     | NA   | NA      |
| Last 10 Years                    | NA   | NA      |
| Since Inception (Feb 11— Jul 11) | 1.3  | 0.5     |

## Fund Information

|                                     |                                      |
|-------------------------------------|--------------------------------------|
| Launch Date                         | February 2011                        |
| Management Fee                      | 1.5%                                 |
| Performance Fee                     | None                                 |
| Subscription & Redemption           | Weekly                               |
| Subscription & Redemption Dead-line | Two Business days before dealing day |
| Dealing Day                         | Wednesday                            |
| Minimum Subscription                | USD 100,000                          |
| Reuters Code                        | NA                                   |
| Fund ISIN Code                      | NA                                   |
| Custodian / Administrator           | HSBC , Bahrain                       |

## Top Holdings

| Name                   | Sector     | (%)  |
|------------------------|------------|------|
| Ethiad Etisalat        | Telecoms   | 10.0 |
| Saudi Basic Industries | Materials  | 9.5  |
| Al Rajhi Bank          | Financials | 7.1  |

## Risk Statistics

|                        |      |
|------------------------|------|
| Standard Deviation (%) | 13.2 |
| Sharpe Ratio           | -0.1 |
| Tracking Error (%)     | 5.8  |
| Information Ratio      | 0.3  |
| Alpha (%)              | 0.6  |
| Beta                   | 0.7  |

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