

## Fund Overview

The Fund is designed to achieve long-term capital growth through investment in a diversified portfolio of GCC equities. The performance of the Fund is benchmarked against the S&P GCC Index.

Gulf Investment Corporation, the Investment Manager, is an experienced GCC investor and pursues an active management strategy of 'Growth at Reasonable Price'. The Fund Management team is ably supported by a team of dedicated GCC Research analysts.

The GIC Composite Index, representing all six GCC markets, is used as a broad country and sector allocation tool. It is US dollar based and market cap weighted.

## Fund Information

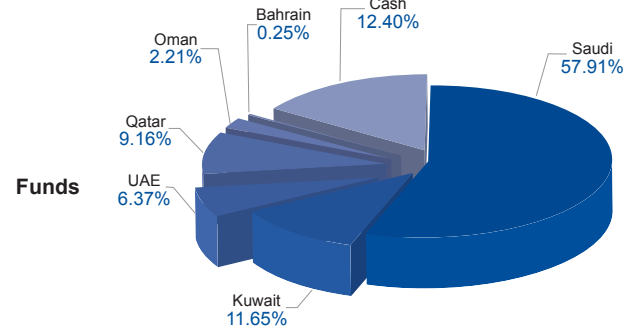
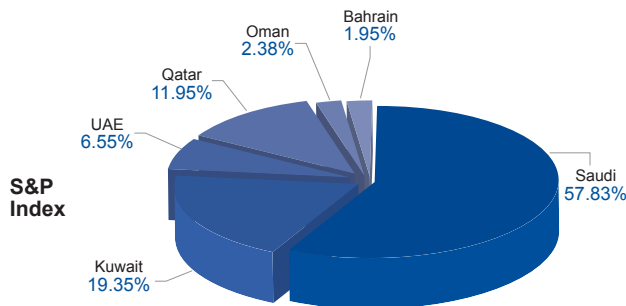
Launch Date	April 12th, 2003
Jurisdiction	Bahrain
Currency	U.S. Dollars
Subscription / Redemptions	Weekly at NAV
Minimum Subscription	US\$ 100,000
Investment Manager	Gulf Investment Corporation
Management Fees	1.5% per annum
Performance Fees	10% of returns above 10% per annum
Subscription Fees	2%

## Portfolio Structure

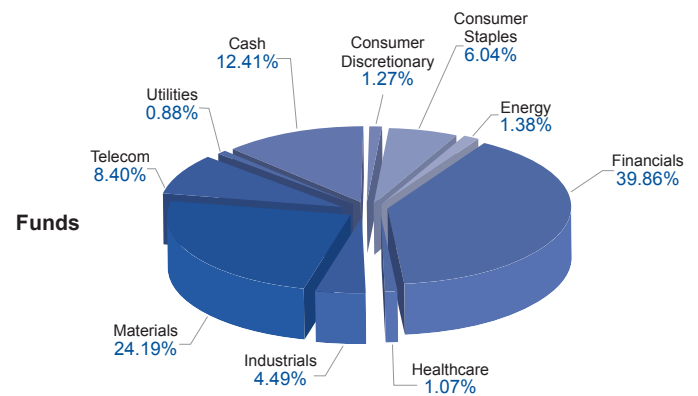
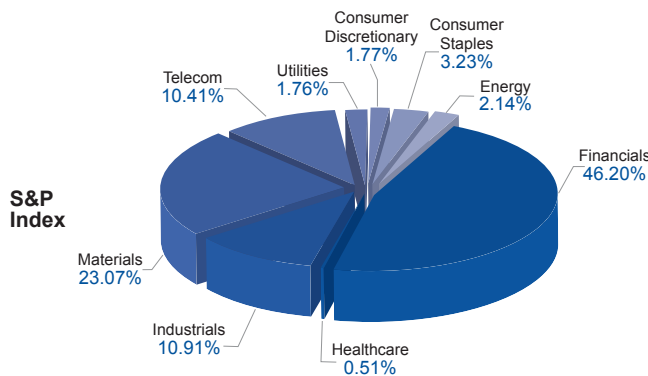
Fund Size : \$93 MM

Number of Holdings : 61

### Country Allocation as of 31st Oct 2011



### Sector Allocation as of 31st Oct 2011

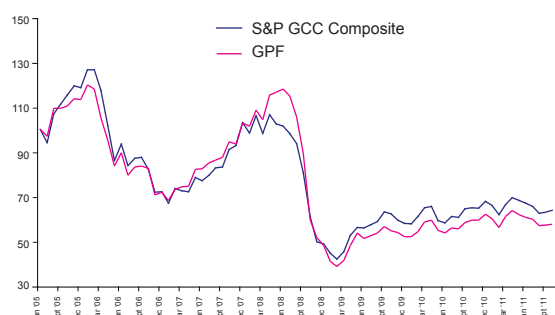


## Top Holdings

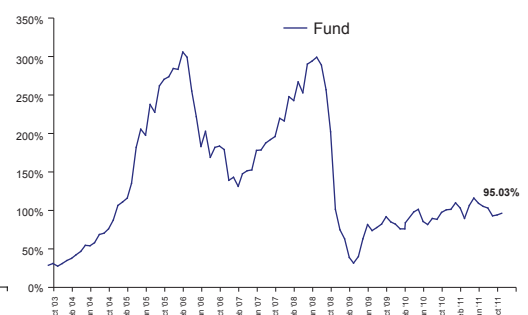
As of 31st Oct 2011

- 1) Saudi Basic Inds Corp. (SABIC)
- 2) Al Rajhi Bank
- 3) Saudi Fertilizer Co.
- 4) Al Othaim - Abdulla
- 5) Qatar National Bank

## GPF vs S&P GCC Index



## GPF since inception



## Fund Rating



## Monthly Performance

Annualized rate of return : **+8.07%**

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2003				4.20	6.66	3.47	6.72	3.77	1.85	-2.69	2.79	3.17	33.84
2004	2.23	3.15	3.03	5.39	-0.27	2.50	6.84	1.08	3.28	6.52	10.41	1.96	56.53
2005	2.59	8.85	19.88	8.51	-2.67	13.65	-3.09	10.47	2.32	0.95	2.94	-0.35	82.26
2006	5.88	-1.67	-10.98	-9.45	-12.10	6.92	-11.20	4.83	0.69	-1.55	-14.40	1.65	-36.60
2007	-5.04	7.26	1.46	0.43	10.14	0.25	3.26	1.56	1.32	8.06	-1.15	10.13	43.25
2008	-1.43	7.04	-3.94	10.61	1.08	1.26	-2.62	-8.16	-15.39	-33.40	-13.41	-6.72	-53.29
2009	-14.78	-5.49	6.63	16.4	11.49	-4.48	2.43	2.42	5.34	-3.55	-1.32	-3.42	8.13
2010	-0.22	4.66	7.68	1.72	-7.82	-2.19	4.23	-0.60	4.88	1.87	0.11	4.35	19.27
2011	-3.22	-6.64	8.83	4.55	-3.03	-1.86	-1.29	-4.80	0.46	1.15			-6.58

## Market Review

Regional equity markets opened the month amidst nervousness about the global economic crisis and the lack of political consensus on how to fix it. The S&P GCC index declined by -1.5% during the first week of the month, ahead of the Q3'11 earnings announcements that came out fairly in line with market expectations. Equity markets, though choppy, recovered marginally, with support from the Kuwait and Qatar markets, causing the S&P GCC index to close the month at 114.59, up +1.89% compared to the previous month.

Kuwait was the best-performing market during the month as the S&P Kuwait index added +3.05%. Weakness in select Bank stocks led to an overall decline in the Banking index. However, support came from the Industrial, Services and Food sectors, as they posted healthy gains while investors shied away from highly cyclical names.

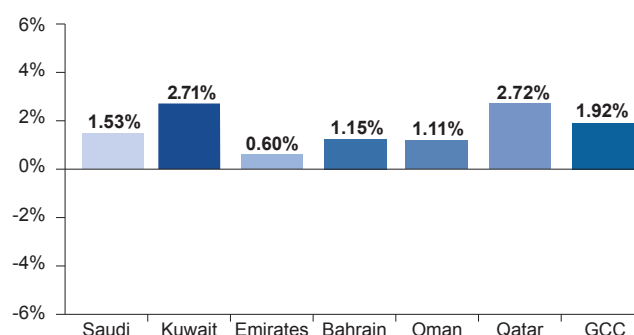
The S&P Qatar index came in second with +2.72%, driven largely by gains of 6.39% and +2.89% in the Industrial and Banking sectors respectively. Qatar National Bank set the tone for the Banking sector after it announced strong Q3 earnings that beat analyst estimates.

The S&P Oman index added +1.70%, while the S&P Bahrain index added +1.15%. In Bahrain, better than expected earnings from Banks helped prop up the Banking index, despite weakness in all the other sectors that weighed down on the overall index. The Industrials index was the worst performer.

The S&P Saudi index rose by +1.53% during the month, despite mixed market performance, as Bank results failed to impress the investors, resulting in lacklustre performance of +1.77% from the sector. However, the Petrochemicals sector closed up by +2.43%. Major support came from the Insurance and Retail sectors, which rose by +15.72% and +10.41% respectively, indicating investor preference for sectors that focus on the local economy.

The S&P UAE was the least-performing amongst its peers, with gains on the S&P UAE index restricted to +0.60%, following broad-based declines across all sectors in the two markets. Lack of encouraging Q3 earnings and cues from global markets

### GIC Country Indices Performance



added to investor woes. The Investment and Real Estate sectors were the worst hit sectors in both markets.

Fatigued by the Euro-zone crisis, global equity investors are likely to pause before betting on an immediate resolution of the crisis. However, it is likely that the markets will remain volatile till further clarity emerges regarding the ongoing crisis. GCC equities, which have been taking cues from global equity markets, are likely to remain testy. However, the ultimate impetus for the region comes from rising oil prices that is likely to remain flat in the medium term.

Despite the Greek debt agreement, that will alleviate some pressure from the Petrochemicals Sector in the short term, investors are expected to continue to favor sectors that focus on domestic economies. Accordingly, Telecom, Retail and Consumer stocks will retain their advantage over cyclical stocks. The Banking sector, specifically in Saudi Arabia and Qatar, where lending activity have improved recently, should also receive investor interest.

During the month of September 2011, the Gulf Premier Fund under-performed its benchmark with returns of +1.15% compared to +1.89% on the S&P GCC Index.



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