

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 MSCI 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 GCC MSCI 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

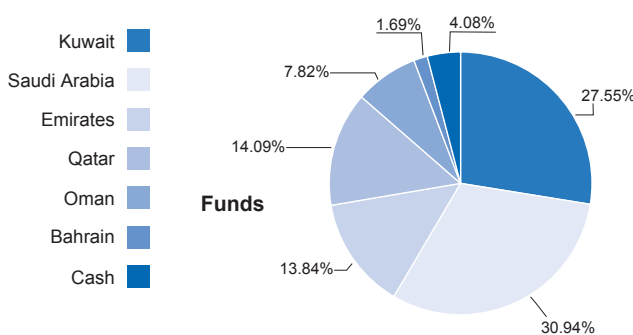
Launch Date	April, 2003
Jurisdiction	Bahrain
Currency	U.S. Dollars
Subscription / Redemptions	Weekly at NAV
Minimum Subscription	US\$ 100,000
Investment Manager	Gulf Investment Corporation
Management Fees	1.5% per annum
Performance Fees	10% of returns above 10% per annum
Subscription Fees	2%

Portfolio Structure

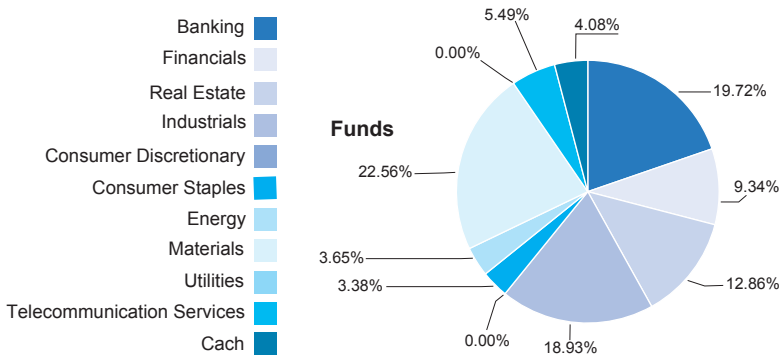
Fund Size : \$ 170 MM

Number of Holdings : 74

Country Allocation as of 30th September 2008



Sector Allocation as of 30th September 2008

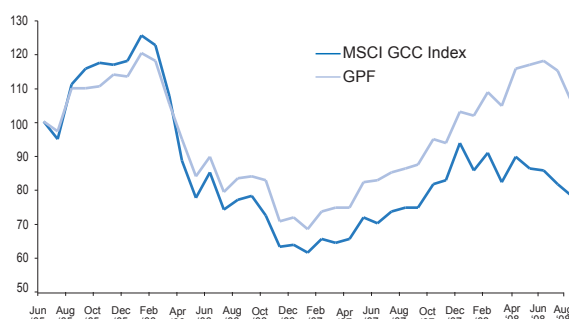


Top Holdings

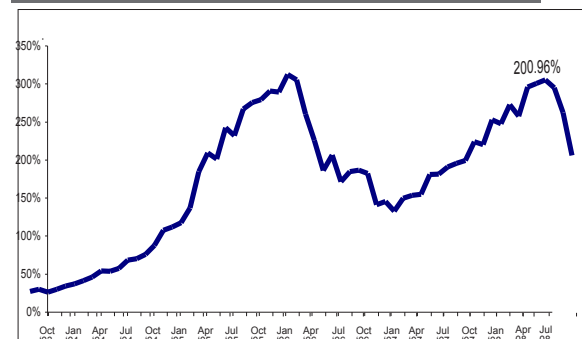
As of September 30th, 2008

- 1) Saudi Fertilizer Co.
- 2) Kuwait Finance House
- 3) Saudi Basic Industries Corp.
- 4) Arabian Pipe
- 5) ARABTEC Holding Co.

GPF vs MSCI GCC Index



GPF since inception



Monthly Performance

Annualized rate of return : **22.18%**

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				-13.17

Market Review

The global credit contagion and the resultant financial meltdown continued to take its toll on the GCC region during September, dragging all regional indices down with no exception. Despite clarion calls regarding the continuing bedrock of fundamental stability in the region, the exacerbation of the 'fear factor', coupled with the sudden vaporisation of credit in the region accelerated the decline. Though certain markets and sectors were more affected than others, the declines were broad-based and by no means sector or stock specific.

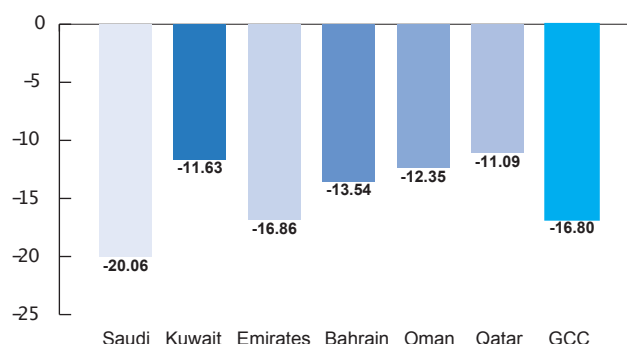
The MSCI GCC Index recorded its biggest monthly drop since inception as it shed 112 points to edge down by 16.8%. The Saudi and UAE markets were the most-affected, with declines of 20.2% and 16.9% respectively on the MSCI country indices. The Omani and Bahraini indices fared slightly better with net returns of -13.5% and -12.3% respectively. Qatar topped off the list with -11.1%, while Kuwait lagged slightly behind with -11.6%.

The deterioration in the Saudi markets was led by Petrochem companies, while the Telecom names faced the least of the brunt. None of the constituents of the MSCI Saudi Index managed to score net gains for the month. Yanbu Petrochem (-34.6%) was the worst performing, followed by Sahara Petrochem (-31.8%) and Advanced Polypropylene (31.7%).

Financial institutions and Property companies were at the forefront of the devastation in the UAE, as none of the 18 constituents of the MSCI country index closed net positive. Tamweel added to last month's losses with -36.2% for the month, followed by First Gulf Bank (-29.59%) and Union Properties (-21.58%).

A partial recovery during the latter part of the month offset some of the decline in the Qatari market, which

MSCI GCC Country Indices Performance



saw significant losses on key Bank stocks. Doha Bank with net returns of -21.19% was the worst performing. In Kuwait, the decline cut across sectors with fifteen companies from the index constituents posting double-digit percentage declines. National Real Estate (31.4%) was the worst-performing.

Robust fundamentals notwithstanding, the region continues to be embroiled in the fallout of the global financial turmoil. It is clear that we are not out of the woods yet, though we could be nearing the end. Recovery, when it happens, is unlikely to be broad-based, and is likely to remain sector-specific.

During September '08, the GPF marginally outperformed its benchmark with returns of -15.39%, compared to -16.79% on the MSCI GCC Index. On a year-to-date basis, returns on the GPF are -13.17% vis-à-vis -28.64% for the benchmark.



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