صندوق الخليج الإسلامي
Gulf Islamic Fund

مؤسسة الخليج للاستثمار
Gulf Investment Corporation

Gulf Islamic Fund Newsletter of Gulf Investment Corporation **June 2010**

NAV per share : USD 5.68 **June return : -2.17%**

Fund Overview

The Fund is shaped to procure long-term capital gains through investment in a concentrated Islamic compliant portfolio of GCC equities.

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 competently supported by a team of dedicated GCC research analysts.

The Fund is tailored to provide un-benchmarked absolute return.

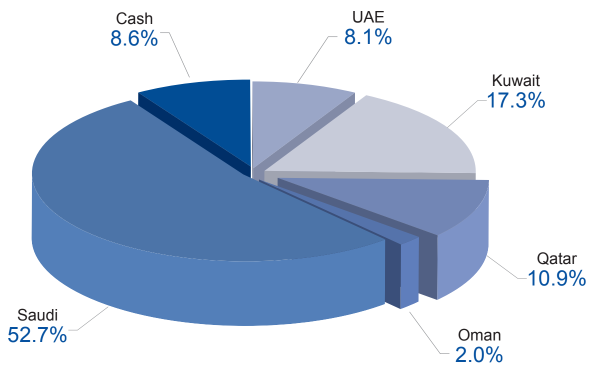
Fund Information

Launch Date	January, 2008
Jurisdiction	Bahrain
Currency	US Dollars
Subscriptions & Redemption	Weekly at NAV
Minimum Subscription	USD 100,000
Investment Manager	Gulf Investment Corporation
Management Fees	1.5 % per annum
Incentive Fees	10% over 10% performance per annum
Subscription Fees	2%

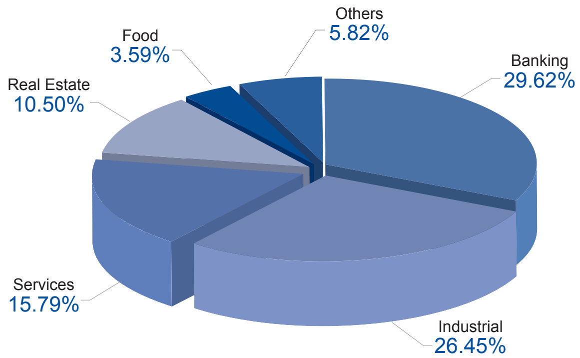
Portfolio Structure

Fund Size : $ 9.1 MM **Number of Holdings : 21**

Country Allocation as of 30 June 2010



Sector Allocation as of 30 June 2010



Monthly Performance

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2008		3.31	0.28	7.92	3.49	2.69	3.38	-10.32	-14.20	-31.11	-10.03	-8.02	-49.67
2009	-9.39	-0.94	3.73	21.27	18.98	-3.44	-0.02*	2.04	4.22	-2.10	-3.51	-2.70	24.57
2010	-1.25	1.40	9.44	0.13	-8.33	-2.17							-1.60

Market Review

Following the turbulence in May, the GCC markets had a rather sedate run during June. However, net performance was skewed largely towards the negative, as only one amongst the six MSCI country indices managed to advance on closing, pushing the MSCI GCC Index down by -2.18% as a result. While the MSCI Qatar index, which edged up by +2.03% was the best-performing, the MSCI Bahrain index, with a sharp decline of -10.86%, was the least-performing.

Though a recovery in Oil prices provided some tacit support to select sectors across the GCC, the broader markets were pressured by lingering uncertainties in global markets. Nymex Crude futures added on +1.05% for the month, to close at $74.7, after having peaked at $78.8 during the second-half of the month.

With June volumes showing a sharp decline from the earlier average, the GCC markets are likely to remain testy, while the advent of the summer lull could pressure markets further. Global cues and Oil prices shall continue to be the dominant drivers for regional markets. Market direction during July would also be dictated by Q2 financials, which are due to start trickling in during the coming weeks.

The MSCI Bahrain Index, with a net loss of -10.86%, was the worst performing for the month. The MSCI UAE Index was not very far behind, as a decline of -7.52% for the month extended YTD losses to -16.97%, while the MSCI Kuwait Index shed -5.70%. The MSCI Saudi and Oman indices scored marginal declines of -0.86% and -0.60% respectively, while the MSCI Qatar Index posted a net gain of +2.03% for the month and YTD gains of +1.13%.

During the month of June 2010, the Gulf Islamic Fund recorded returns of -2.17% compared to -2.18% on the MSCI GCC Index.

* A dividend distribution of 5% was paid in July 2009.

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