GULF PREMIER FUND

مؤسسة الخليج للاستثمار
Gulf Investment Corporation

Gulf Premier Fund Newsletter of Gulf Investment Corporation — January 2008

NAV per share : USD 34.11 — **January return : - 1.43%**

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 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

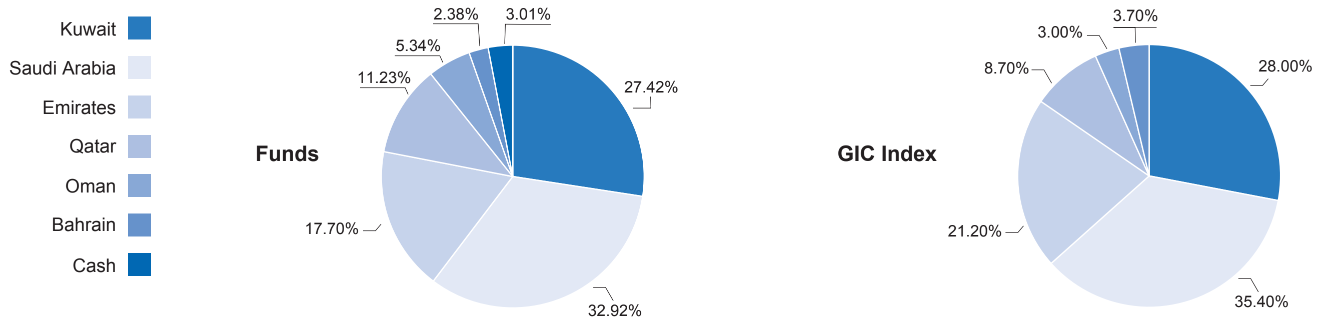
Fund Information

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%**

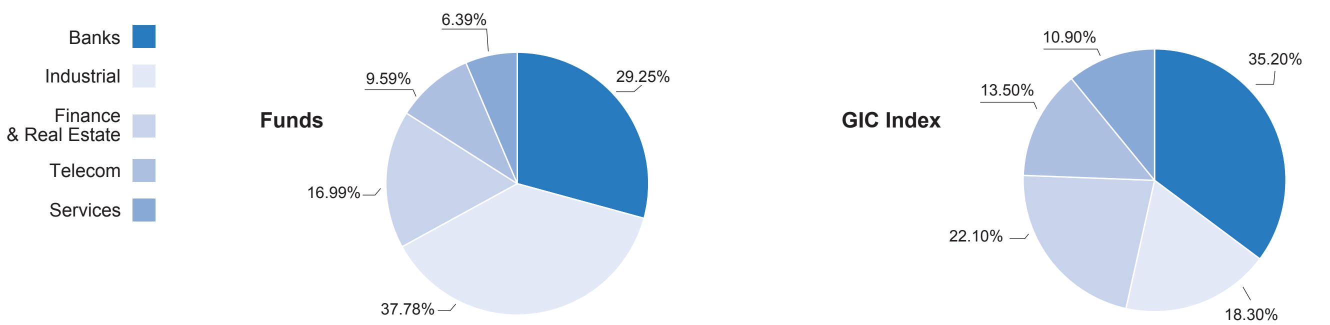
Portfolio Structure

Fund Size : **$ 237 MM** — Number of Holdings : **92**

Country Allocation as of 31 January 2008



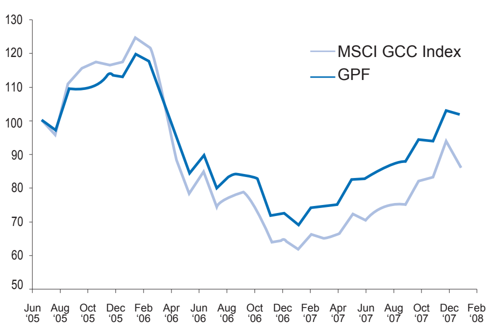
Sector Allocation as of 31 January 2008



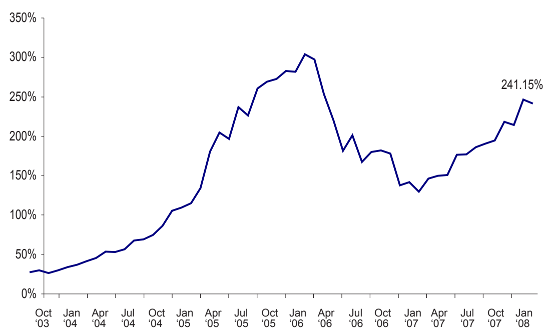
Top Holdings

As of January 31, 2008
1) Saudi Basic Industries Corp.
2) Kuwait Finance House
3) Zain
4) Al Rajhi Bank
5) Arabtech Holding Co.

GPF vs MSCI GCC Index



GPF since inception



Monthly Performance

Annualized rate of return : **28.90%**

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												

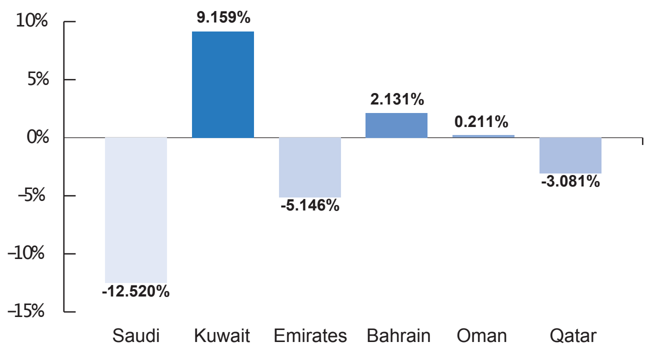
Market Review

The GCC market performance was mixed during the month of January. The turbulence witnessed in developed markets attributed to global recession concerns was reflected throughout the GCC. The Saudi market was the worst performer for the month with losses amounting to (-12.52%), followed by United Arab Emirates (-5.15%) and Qatar (-3.08%). The remaining constituents managed stern performances, inducting them into the best 10 global performers. Kuwait was the best performing market in the world, managing impressive gains of (9.16%). Bahrain and Oman were the 5th and 10th best performers with profits of 2.13% and 0.21%, respectively.

The Saudi market, the best performer of last year, accomplished moderate gains of 3.44% for the month until news of SABIC's 4th quarter earnings missing analyst projections, compounded with volatility in the developed markets, ignited a selling frenzy causing the market to shed (-19.2%) in just 3 days. The worst performing sector for the month was the Insurance sector (-23.43%), mainly due to heavy speculative trading witnessed in the earlier period. The Banking sector was also hit with loses of (-19%) due to moderate reported growth numbers.

Even though the Emirates faired better than its Saudi counterpart, it still closed in the negative terrain. The foreign investments that helped feed the boosting prices in the previous period saw its managers withdrawing some of their position to offset the decline in the developed markets. The telecom sector was its biggest loser with a (-24.7%) decline. The Real Estate sector shed (-15.15%) mainly due to Emaar's (-17.11%) drop because of the weak guidance for 2008.

GIC Country Indices Performance



Kuwait managed impressive returns even with the current state of global disarray. Robust earning announcements and positive investor sentiment helped stabilize the market. The Investment sector (10.17%) was largest gainer followed by the Services (7.89%) and Food Sectors (6.93%). Historically, the banking sector (6.92%) tend to lead the earning announcement season but due to the new CBK regulation, extra time had to be undertaken to attest to the banks conformity with these regulations. This also saw a fall in projected earning for some banks due to the extra provisions that had to be accounted for.

During January' 08, the GPF managed to outperform its benchmark with returns of (-1.43%), compared to (-8.55%) losses for the MSCI GCC Index.

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