Gulf Premier Fund Newsletter of Gulf Investment Corporation | June 2009

NAV per share : USD 17.21 | **June return : -4.48%**

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

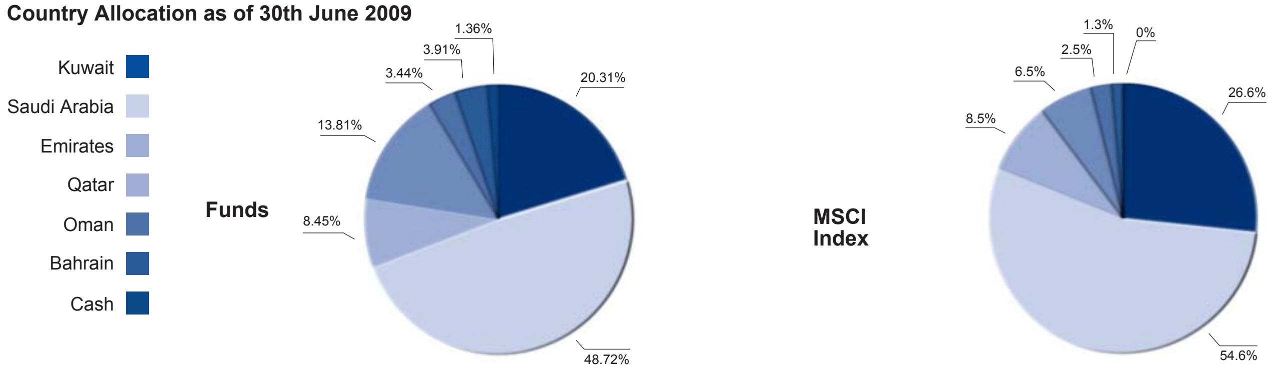
Fund Information

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%**

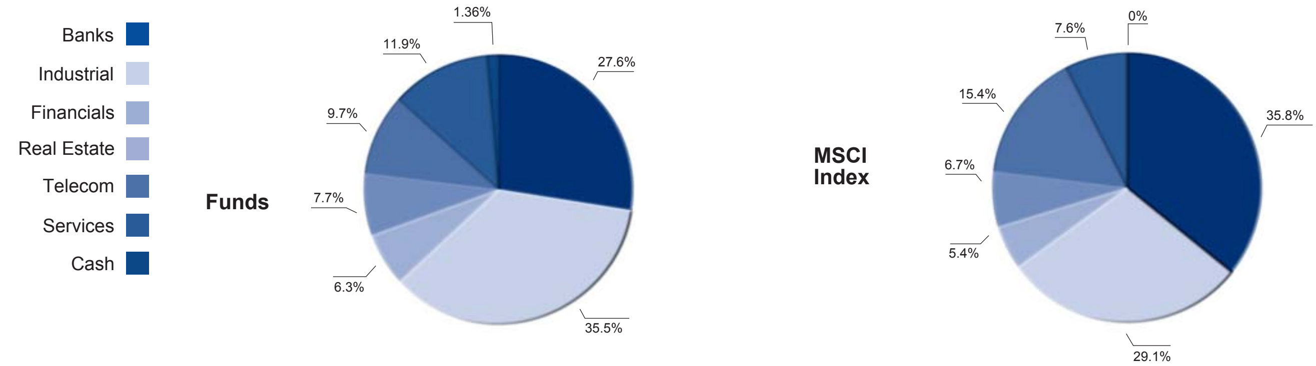
Portfolio Structure

Fund Size : **$72 MM** | Number of Holdings : **52**

Country Allocation as of 30th June 2009



Sector Allocation as of 30th June 2009

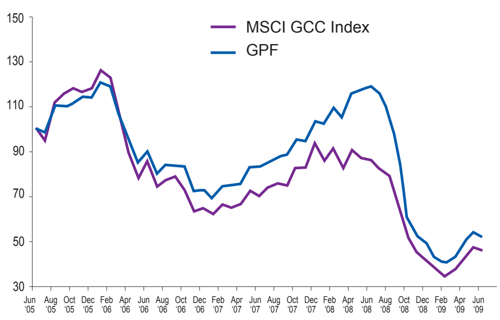


Top Holdings

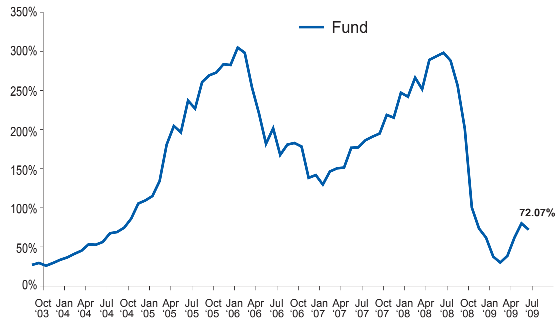
As of 30th June 2009

1) Saudi Basic Inds Corp. (SABIC)
2) Saudi Fertilizer Co.
3) Al Rajhi Bank
4) Etihad Etisalat Company
5) Saudi Telecom Co.

GPF vs MSCI GCC Index



GPF since inception



Monthly Performance

Annualized rate of return : **9.07%**

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							6.45

Market Review

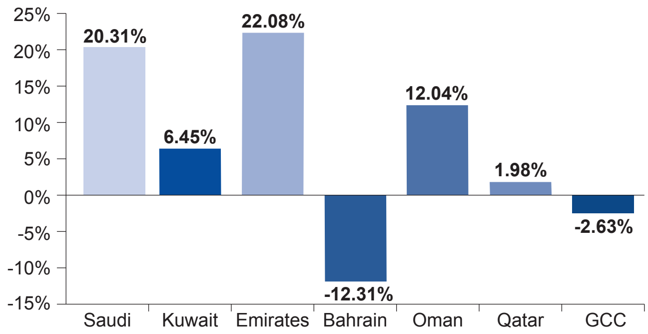
The MSCI GCC Index hit a brief road-block in June '09, with the Index posting its first monthly decline following three months of straight gains. The correction appeared to be driven by a similar move in the global markets, alongside a dip in oil prices. The emergence of a serious credit issue with two large family-owned business groups in Saudi Arabia exacerbated the turbulence. Investors have been pricing-in the impact on regional banks, which are likely to hold a substantial portion of the total rumoured exposure of ca. US$ 9bn owed by the two groups to financial institutions. With the exception of the Kuwaiti and Omani indices, all other markets recorded monthly declines on their respective MSCI indices. The MSCI GCC Index closed with -2.6% for the month, and +12.6% for the year.

The MSCI Bahrain Index continued to head south and led the laggards for June, with returns of -6.6% for the month, stretching its YTD net to -17.5%, as it remained the worst-performing amongst its GCC peers this year. The Banking & Investment sectors were at the forefront of the decline in Bahrain, with Gulf Finance House and Bahrain Islamic recording returns of -16.5% and -7.8% for June, and none of the index constituents posting gains during the month.

Losses on key PetChem and Bank stocks led the MSCI Saudi Index to post returns of -5.2% for the month. Saudi Investment Bank (-19.0%) and SipChem (-12.6%) were the worst performing, while other prominent laggards included NIC, Arab National Bank and Bank Al Jazira. Bank Al Bilad (+8.4%) and Al Marai (+8.2%) led the gainers, alongside some Cement and Real Estate companies that notched up net gains for the month.

The MSCI Qatar Index did a volte-face during the month, as robust gains for May were partially erased by returns of -5.1% during June. Most of the large caps lost value, while the Bank stocks were the most affected, led by Al Khaliji Bank (-17.1%) and CBQ (-16.8%). Other noticeable names included Barwa (-13.5%) and Industries

GIC Country Indices Performance



Qatar (-6.9%). In the UAE, property and related companies faced widespread investor apathy, while most of the Banks scored net gains for the month. Emaar Properties (-19.9%) and AD National Hotels (+25.0%) rounded-up either end of the list of index constituents.

Kuwait witnessed a mixed bag of performers during June, but the gainers prevailed and pushed the MSCI Kuwait Index up by +4.5% for the month. Boubyan Bank was firmly in the spotlight following NBK's move to acquire a controlling stake, and KIA's intention to auction a 20% stake. Most of the other Banks failed to make the cut, and ended up with declines. In Oman, strong gains by key stocks like Raysut Cement (+23.8%), Bank Dhofar (+15.2%) and OIB (+14.8%), amongst others, countered losses on heavyweights like NBO (-5.9%) and Bank Muscat (-4.9%), and helped the MSCI Oman Index to close the month at +3.08%.

During the month of June 2009, the GPF under-performed its benchmark with returns of -4.48%, compared to -2.63% on the MSCI GCC Index.

GULF PREMIER FUND

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