

## 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

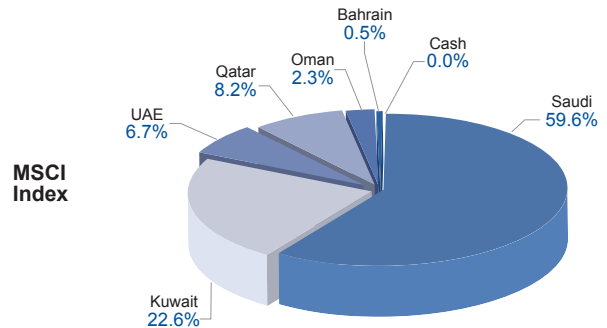
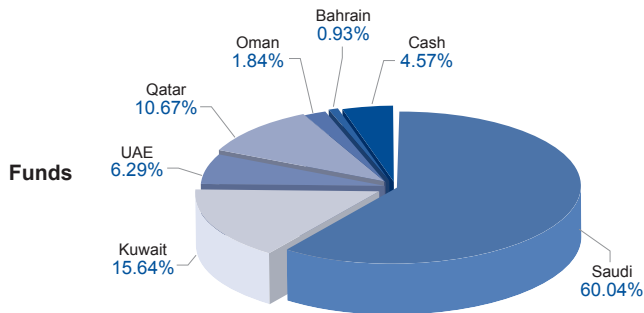
Launch Date	April 12th, 2003
Jurisdiction	Bahrain
Currency	U.S. Dollars
Subscription / Redemptions	Weekly at NAV
Minimum Subscription	US\$ 100,000
Investment Manager	Gulf Investment Corporation
Management Fees	1.5% per annum
Performance Fees	10% of returns above 10% per annum
Subscription Fees	2%

## Portfolio Structure

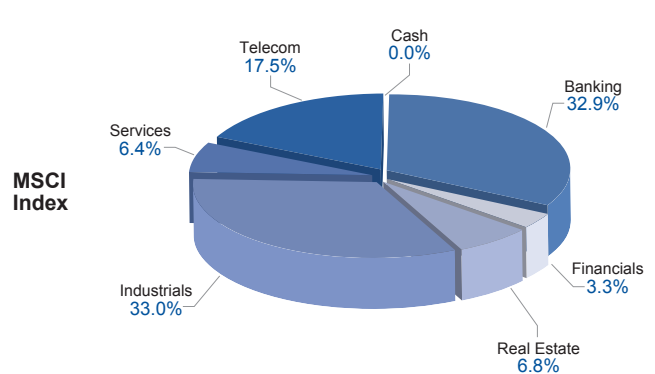
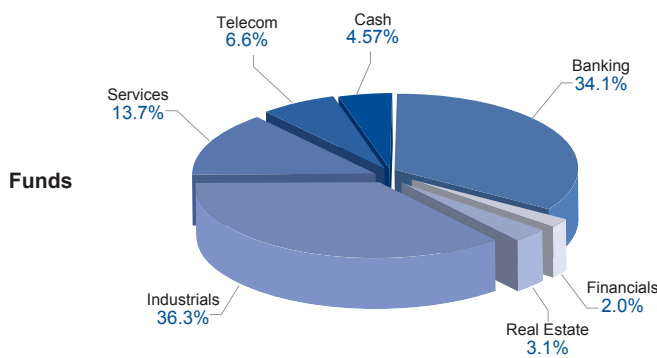
Fund Size : \$84 MM

Number of Holdings : 65

### Country Allocation as of 31st August 2010



### Sector Allocation as of 31st August 2010

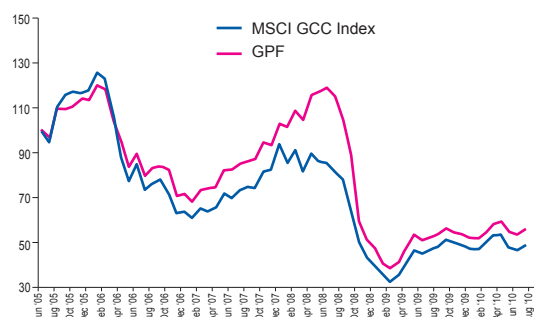


## Top Holdings

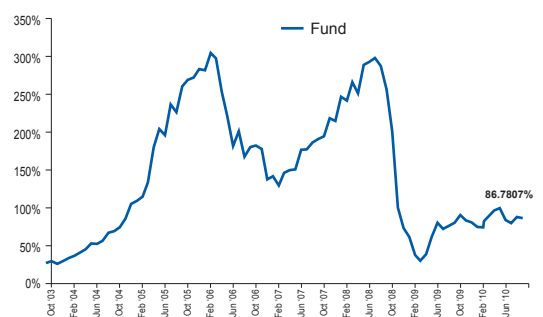
As of 31st August 2010

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

## GPF vs MSCI GCC Index



## GPF since inception



## Monthly Performance

Annualized rate of return : **8.79%**

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					6.87

## Market Review

After the robust gains witnessed in the previous month the GCC markets exhibited mixed performances for the month of August. The aggregate GCC market reversed the positive trend of July to record a marginal decline of -0.44%. Whilst the MSCI Bahrain index, with a sharp incline of +6.68%, was the best-performing constituent, the MSCI Saudi Arabia, deflated by -2.85%, was the least-performing compared to its regional peers.

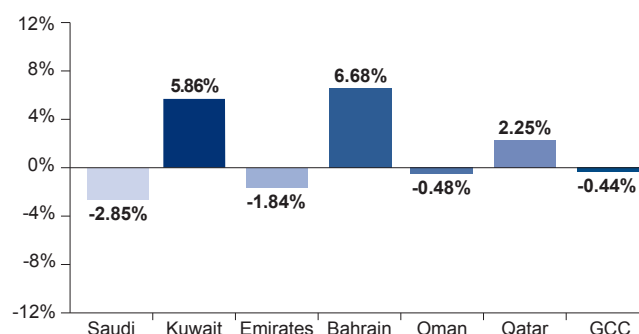
GCC performance was in par with international peers as the MSCI World and MSCI Emerging Markets shed -3.92% and -2.15% during the period, respectively. WTI crude futures echoed the same sentiments ending the month with a -8.9% decline to close at US \$71.92.

Volatility has been a constant companion to regional markets especially given the decline attributed to the Oil markets for period. We believe markets will continue to trade sideways in the near-term with moderate volatility, though favourable global indicators could help reverse Oil prices and hence reflect positively on the GCC markets.

The MSCI Bahrain was the best performing GCC market climbing +6.68% for the month. Growth is mainly attributed to the robust gains witnessed in the Banking and Telecom Sectors. The index managed record its first positive monthly performance since February 2010. Still Bahrain remains the worst performing GCC country constituent with losses amounting to -18.9% YTD.

The Banking and Insurance sectors cemented +5.86% growth in the MSCI Kuwait. This takes MSCI Kuwait's YTD tally to 15% attaining its position as the best performing GCC market on that basis. MSCI Qatar continued its positive trend for the third consecutive month garnering +2.25% in the process. Performance is attributed to the Insurance, Banking, and Industrial factions. Qatar remains the second best performing market in context with its regional peers recording +5.3% YTD gains.

### GIC Country Indices Performance



On the other spectrum, MSCI Saudi Arabia was the worst performing market for the respective period shedding -2.85%. All sectors closed negatively for the duration with the Insurance Building and Construction, and Banking segments spearheading the laggards.

The MSCI UAE closed in the red dropping -1.84%. The turmoil continued to have adverse effects within the Emirates, embodied within the Construction and Real Estate sectors, the worst performing local segments during August. MSCI Oman closed with a marginal decline of -0.48%. The Banking segment was the main culprit attributing to the lacklustre performance.

During the month of August 2010, the Gulf Premier Fund underperformed its benchmark with returns of -0.60%, compared to -0.44% on the MSCI GCC Index.