GULF PREMIER FUND

مؤسسة الخليج للاستثمار
Gulf Investment Corporation

Gulf Premier Fund Newsletter of Gulf Investment Corporation — July 2010

NAV per share : USD 18.79 — **July return : 4.23%**

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

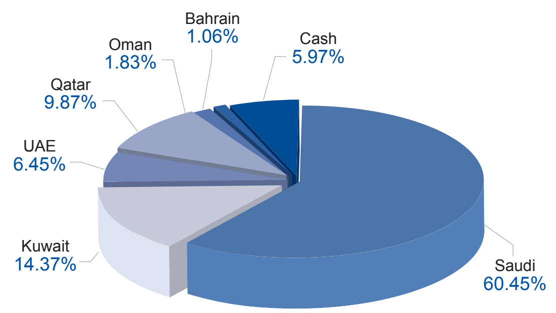
Launch Date	**April 12th, 2003**
Jurisdiction	**Bahrain**
Currency	**U.S. Dollars**
Subscription / Redemptions	**Weekly at NAV**
Minimum Subscription	**US$ 100,000**
Investment Manager	**Gulf Investment Corporation**
Management Fees	**1.5% per annum**
Performance Fees	**10% of returns above 10% per annum**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

Portfolio Structure

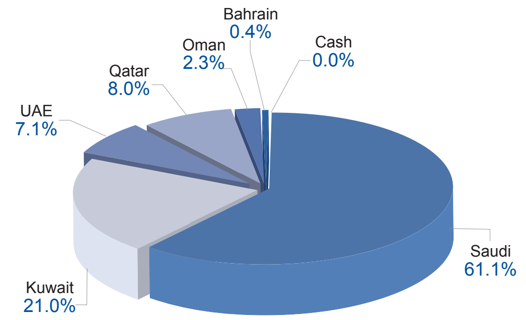
Fund Size : **$84 MM** — Number of Holdings : **65**

Country Allocation as of 31st July 2010

Funds

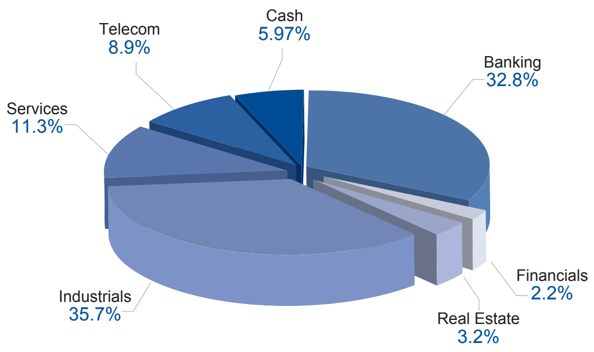


MSCI Index

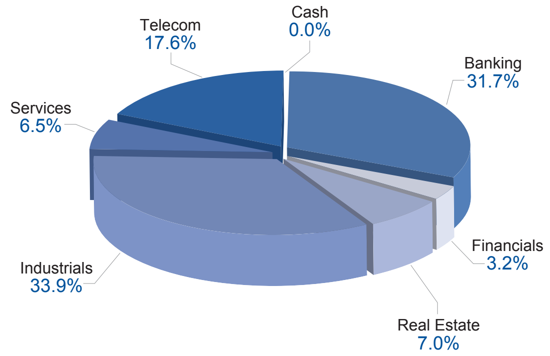


Sector Allocation as of 31st July 2010

Funds



MSCI Index

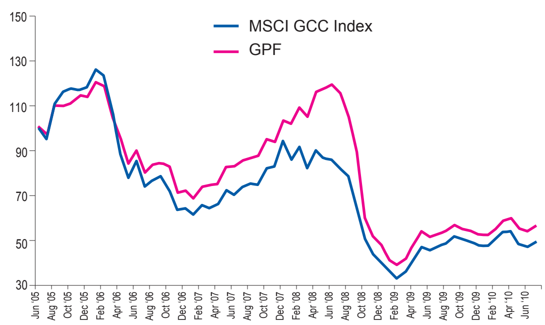


Top Holdings

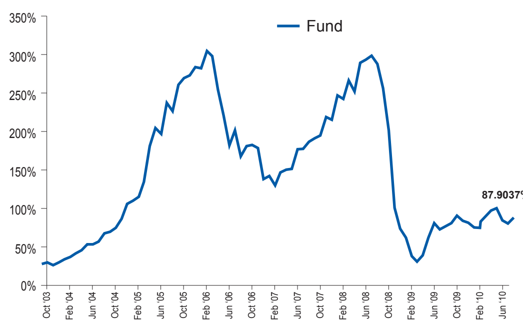
As of 31st July 2010

1) Saudi Basic Inds Corp. (SABIC)
2) Al Rajhi Bank
3) Almarai Co.
4) Al Othaim - Abdulla
5) Zain (Formerly MTC)

GPF vs MSCI GCC Index



GPF since inception



Monthly Performance

Annualized rate of return : **8.98%**

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						7.51

Market Review

During July, the GCC markets received a push from the robust performance in major developed and emerging markets, with the MSCI GCC index adding a net of +4.33% for the month. The strength in Oil prices, with WTI Crude futures edging up by +4.39% for the month, also helped in bolstering the sentiment. With the exception of MSCI Bahrain, all the other GCC indices closed the month with gains, with the MSCI Kuwait emerging as the best-performing index for the month. Meanwhile, on an YTD basis, only the MSCI Bahrain and UAE indices remain in negative territory.

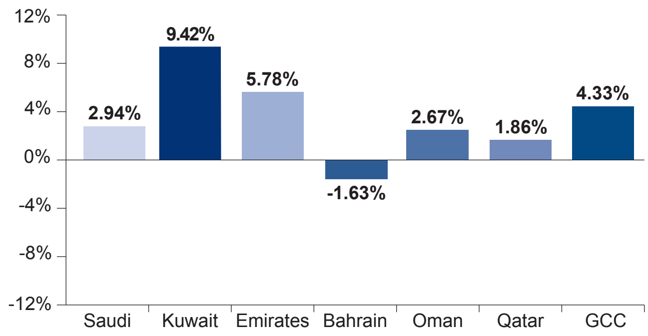
The earnings announcements across the GCC remained largely in line with expectations, though there were a select few surprises. Nevertheless, the market continued to price-in a large majority of the stocks at the pre-earnings levels, with no substantial change in appetite. Volumes did pick up during the month, particularly in Kuwait, which witnessed a substantial recovery in trading activity.

In the coming weeks, GCC markets are likely to remain range-bound, moving largely sideways with moderate volatility. An improvement in global cues could help support Oil prices and the GCC markets in turn.

With a net gain of +9.42%, the MSCI Kuwait index was the best-performing for the month. Strong momentum in the Banking, Industrial and Food sectors aided the surge. The MSCI UAE index posted a gain of +5.78% for the month, helped by the Real Estate and Financial Services sectors in Dubai, and the Energy, Industrial and Consumer segments in Abu Dhabi. This marked a significant reversal in sentiment in the UAE, compared to the month of June.

Robust performance in the Utilities, Retail and Telecom sectors lifted the MSCI Saudi Index to a net gain of +2.94% for the month.

GIC Country Indices Performance



In Oman, all the three sectors, namely Banking, Industrials and Services, contributed towards the net gain of +2.67% in the MSCI Oman index. Meanwhile in Qatar, the Insurance and Industry sectors outperformed the Services and Banking sectors, propping up the MSCI Qatar index with a gain of +1.86% for the month.

The MSCI Bahrain index continued to edge down, as the Services and Investment sectors registered negative returns for the month. With a decline of -1.63% for the month, the YTD returns have mounted to -24.01%, making the Bahrain market the worst-performing this year amongst the GCC markets, by a fairly large margin.

During the month of July 2010, the Gulf Premier Fund under-performed its benchmark with returns of +4.23%, compared to +4.33% on the MSCI GCC Index.

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