GULF PREMIER FUND

Gulf Investment Corporation

Gulf Premier Fund Newsletter of Gulf Investment Corporation — June 2010

NAV per share : USD 18.03 — **June return : -2.19%**

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

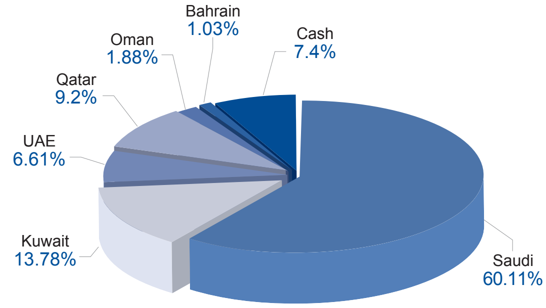
Launch Date	**April 12th, 2003**
Jurisdiction	**Bahrain**
Currency	**U.S. Dollars**
Subscription / Redemptions	**Weekly at NAV**
Minimum Subscription	**US$ 100,000**
Investment Manager	**Gulf Investment Corporation**
Management Fees	**1.5% per annum**
Performance Fees	**10% of returns above 10% per annum**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

Portfolio Structure

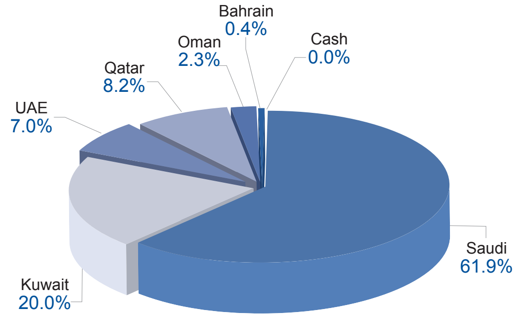
Fund Size : **$83 MM** — Number of Holdings : **65**

Country Allocation as of 30th June 2010

Funds

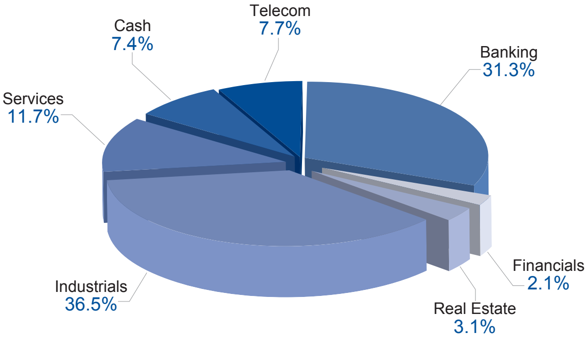


MSCI Index

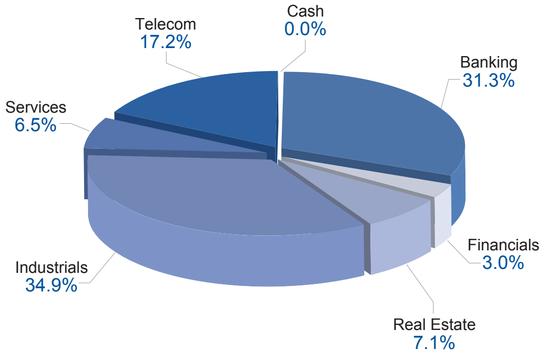


Sector Allocation as of 30th June 2010

Funds



MSCI Index

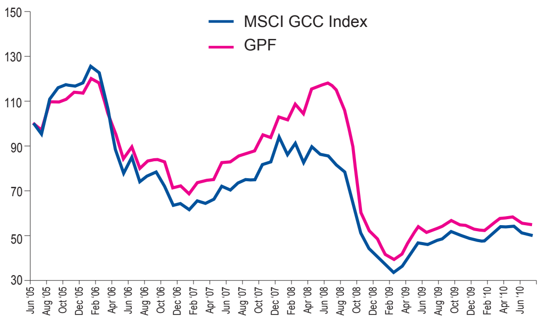


Top Holdings

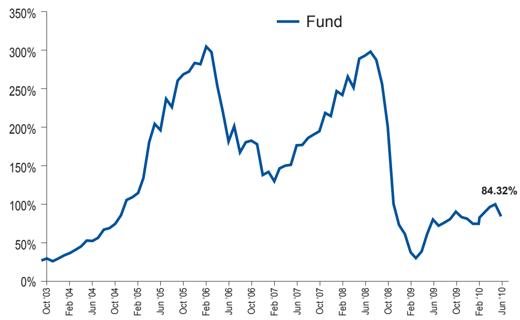
As of 30th June 2010

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 : **8.47%**

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							3.14

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.

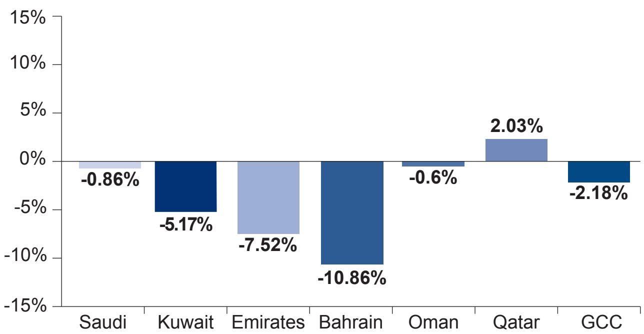
With June volumes showing a sharp decline from the earlier average, the GCC markets are likely to remain testy, while the advent of the summer lull could pressure markets further. Global cues and Oil prices shall continue to be the dominant drivers for regional markets. Market direction during July would 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, dragged by sharp losses in the Banking and Investment sectors. The Bahraini index remains the primary laggard amongst the GCC indices, with net losses of -22.75% for the year.

The MSCI UAE Index was not very far behind, as a decline of -7.52% for the month, extended YTD losses to -16.97%. The Telecom and Financial Services sectors created most of the drag in Dubai, aided by the Real Estate and Energy sectors in Abu Dhabi.

The MSCI Kuwait Index shed -5.70%, for the month, driven largely by the Investment and Real Estate sectors, despite robust gains in the Banking sector.

GIC Country Indices Performance



The MSCI Saudi Index scored a marginal decline of -0.86% for the month, despite a strong run in the Energy & Utilities, Food and Cement sectors, as Real Estate, Investment and PetChem proved to be drags on the market.

The MSCI Oman index, declined by -0.60%, as Services and Banking sectors pushed down the market.

Robust performance in the Insurance, Services and Banking sectors lifted the MSCI Qatar Index to a net gain of +2.03% for the month, and helped the index to move into positive territory for the year, with YTD gains of +1.13%.

During the month of June 2010, the performance of the Gulf Premier Fund was in line with its benchmark with returns of -2.19%, compared to -2.18% on the MSCI GCC Index.

GULF PREMIER FUND

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