

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

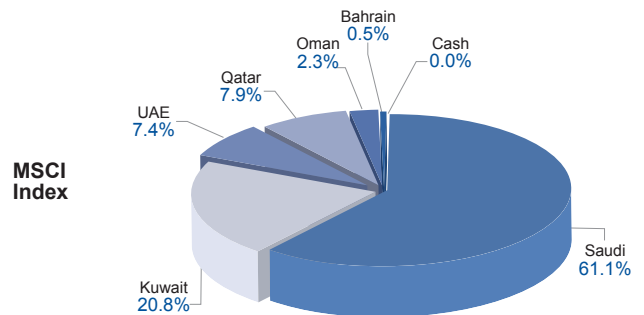
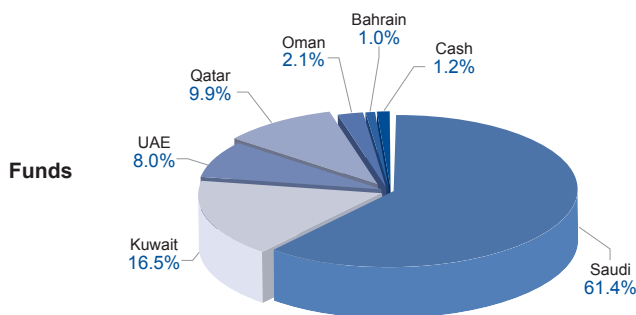
Launch Date	April 12th, 2003
Jurisdiction	Bahrain
Currency	U.S. Dollars
Subscription / Redemptions	Weekly at NAV
Minimum Subscription	US\$ 100,000
Investment Manager	Gulf Investment Corporation
Management Fees	1.5% per annum
Performance Fees	10% of returns above 10% per annum
Subscription Fees	2%

Portfolio Structure

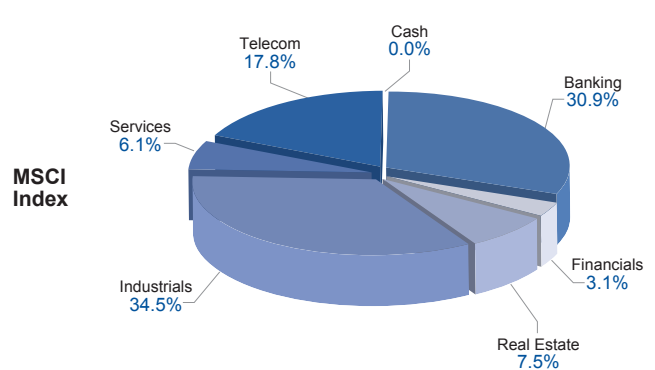
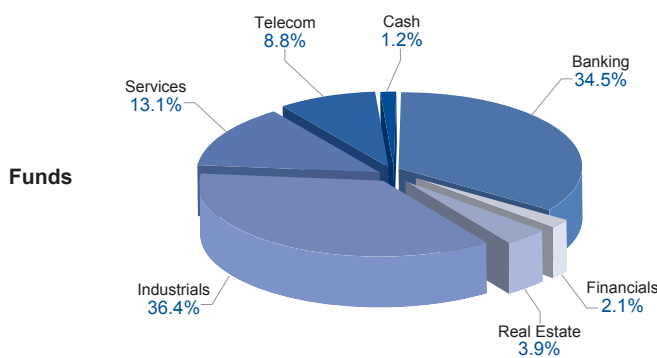
Fund Size : \$73 MM

Number of Holdings : 63

Country Allocation as of 31st May 2010



Sector Allocation as of 31st May 2010

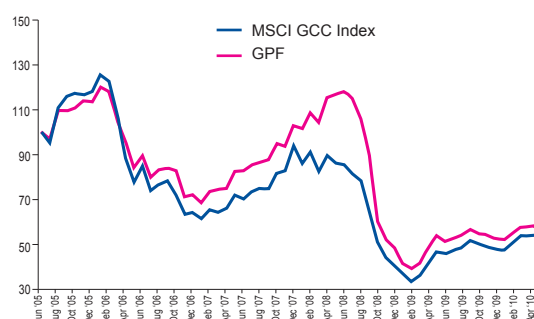


Top Holdings

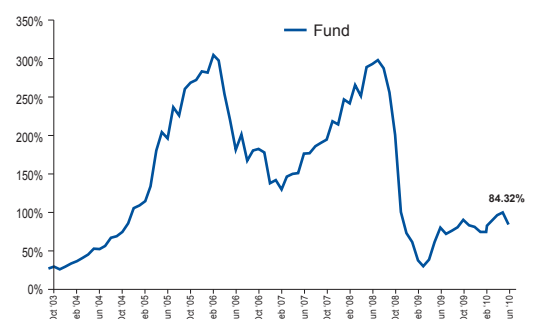
As of 31st May 2010

- 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 : **8.91%**

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								5.46

Market Review

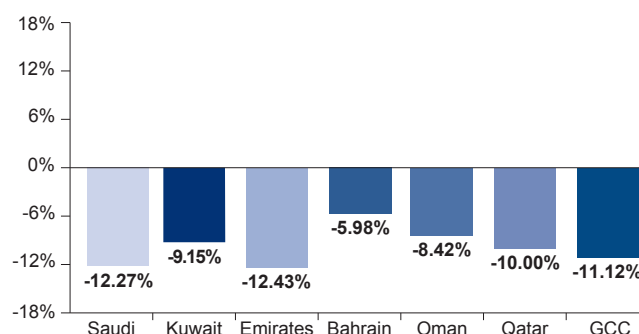
May emerged as a watershed month for the GCC region as the markets reacted to sharp declines in global indices and Oil prices prompted by the European debt crisis. The MSCI GCC Index recorded its largest monthly decline in 18 months as it shed -11.12%, erasing nearly all the gains accumulated during the past four months, and leaving a mere +0.54% in YTD gains for 2010. Nymex Crude Oil futures declined a net -10.3% during May, and closed at \$71.4, after having marked a low of \$68.0 during the month.

The sentiment which had started to sag during the latter half of April, bottomed out as the risk of contagion in Europe flared sharply, and the possibility of a double-dip recession in global markets reared its head again, with markets pricing in an exacerbation of the crisis. The sentiment was widespread, as indices across Asia, Europe and US registered rapid declines. However, the last week of May proved to be a minor consolation for global markets, as strong commitments from China to invest in Europe appeared to have stemmed the tide. Nevertheless, despite a brief rally in Oil prices at the end of the month, sentiment across the GCC markets continued to be negative.

The MSCI UAE Index was the worst performing for the month, recording a net loss of -12.43%, dragged by the Real Estate segments on both Dubai's DFM and Abu Dhabi's ADSM. Consumer and Construction segments on the ADSM and Investment & Fin. Services on DFM were also badly hit.

The MSCI Saudi Index closely followed the UAE, racking up a net loss of -12.27%, driven by sharp losses in the PetChem sector. Amongst other sectors in Saudi, Insurance and Investment companies also registered sharp declines. Even the resilient Construction and Cement sectors, which had been at the forefront of gains earlier this year, fell against the onslaught and clocked sharp losses.

GIC Country Indices Performance



In Qatar, the Industry sector dragged the broader Index down by -10.0% for the month. Again, the negative sentiment in the PetChem sector following the rapid decline in Oil prices was the primary driver. In Kuwait, the onus was on the Investment and Real Estate sectors, as sharp declines in the sectors led the MSCI Kuwait Index to shed -9.15% for the month.

The MSCI Oman Index dropped by -8.42%, erasing all the gains from the past four months, as pressure mounted in the Banking and Industrial sectors. In Bahrain, the Banking and Investment sectors were to blame, as the MSCI Bahrain Index ceded -5.98% for the month, and extended YTD losses to -13.34%.

During the month of May 2010, the Gulf Premier Fund over-performed its benchmark with returns of -7.82%, compared to -11.12% on the MSCI GCC Index.