

## Investment Manager's Report

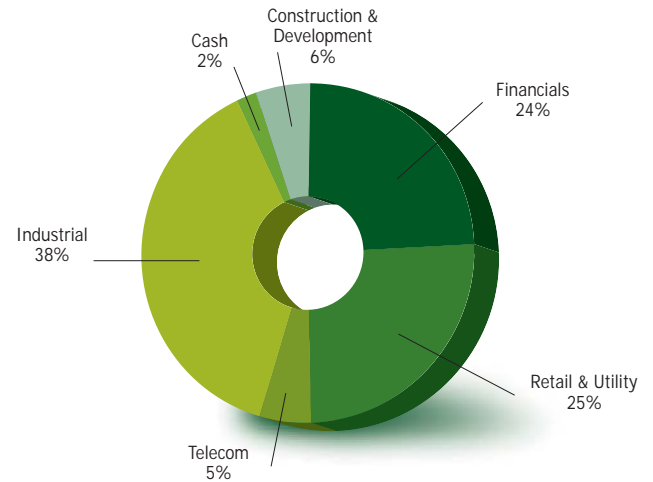
The global equity markets remained volatile as investors remained worried about the prospects of the global economy. However the turmoil in European economies appears to have had little direct impact on oil prices. The oil prices are well above these break-even prices for the GCC and should continue to support stimulative government spending programs. Some of the GCC countries such as Oman also came out with draft budget for next year indicating sizeable spending hike thus ensuring economic momentum to continue in the next year.

Regional equity markets opened the month with a negative note on back of US and EU concerns. The Saudi Tadawul Index was down by -1.92% during the month. The worst performing market was Oman which was down by 3% during this month. Liquidity was on lower side across some of the markets such as UAE during the month mainly on account of lower participation from foreign investors. The worst performing sectors during the month were banking and petrochemical mainly on account of global volatility. Bahrain was the best performing market during the month climbing by +1.35%. Qatar's index performed marginally during the month, edging down by -0.03%, driven largely by the Banking sector. UAE markets were also down as both Dubai and Abu Dhabi indices declined by 2.07% and 2.26% respectively.

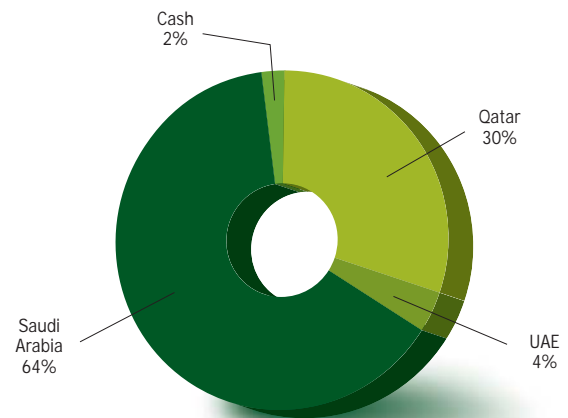
The NAV of the fund moved down by 2.2% during the month, underperforming the index by about 0.8%, mainly on account of overweight exposure in the Saudi market.

GCC equities, which have recently been taking cue from global equity markets, are likely to be stable as we see stability coming back into the global markets. However, the ultimate impetus for the region comes from rising oil prices. The third quarter numbers were above expectations in most cases, thus providing additional support for the regional markets. The medium to long term prospects remain encouraging given the strong fundamentals in the region.

## Sectoral Allocation



## Geographical Allocation



## Top Three Holdings

Saudi Basic Industries Corp.	8.78%
Qatar National Bank	6.46%
Jarir Marketing Company	6.08%

## Fund Performance

	1 Month	3 Months	6 Months	YTD	1 Year	3 Years	5 Years
OF	-2.20%	-0.07%	-8.32%	-11.90%	-8.05%	0.79%	-6.86%
GCC EWI	-1.50%	-1.03%	-5.81%	-12.80%	-6.96%	-2.85%	-17.63%

GCC EWI is calculated by giving equal weightages to indices of all GCC markets

Annualized Alpha	Beta	R Squared	Tracking Error	Information Ratio
2.98%	0.866	0.773	10.4%	0.32

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