

## Managers Commentary

Saudi Arabia continued its upward momentum in May and was up by 0.9%. However, the S&P GCC index was flat for the month, largely due to declines in Qatar (-2.2%), UAE (-2.1%) and Kuwait (-1.6%). The Qatari market fell despite gaining ca.400 million USD of net foreign inflows during the month as local investors capitalized on the inflows to book profits. The decline in UAE was mainly driven by Dubai which fell by 3.3%. Investors continued to be concerned by the apparent slowdown in economic activity in the Emirate.

Your portfolio was flat over the course of May, which was in line with the benchmark. Our investments in Saudi Arabia positively contributed to the fund. In Saudi Arabia, fund benefited from its investments in SIIG, NCB and Bank Al Jazira which increased by 6-10%. Furthermore, the fund did not have exposure to large caps such as Dar Al Arkan and Company for Corporate Insurance, which fell by 20% during the month. However, investments in Kuwait negatively impacted the funds' outperformance. Zain Kuwait, which is one of our top holdings, declined as much as 8% during the month.

In July, Saudi Arabia is widely expected to be upgraded to the MSCI Emerging Market Index. Given the recent rally in the Saudi market, anything short of a clear-cut upgrade would probably disappoint the market and would be likely to result in aggressive profit-taking. Leading up to the upgrade, we have opted to maintain our investments in Kingdom as we believe they are fundamentally attractive regardless of the potential upgrade. Furthermore, in the unlikely event of Saudi Arabia not being

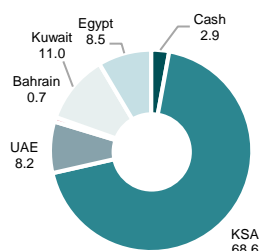
## Investment Objective

The Fund seeks long-term capital appreciation by investing principally in equity securities listed on the stock markets of GCC countries.

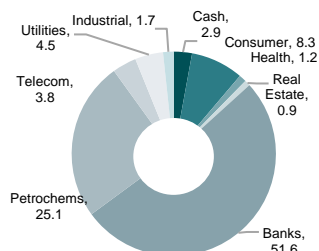
Returns (%)	Fund	Index
April 2018*	-0.1	-0.1
YTD (April 2018)	12.9	12.0
2017	7.6	3.3
2016	5.8	8.5
2015	-6.2	-14.6
2014	4.7	0.6
Last 3 months	7.9	8.8
Last 6 months	14.2	15.8
Last 1 year	19.4	15.3
Last 3 years	4.7	-2.8
Last 5 years	37.7	23.2
Since Inception (Mar 04— April 18)	245.3	144.2

\*S&P GCC Total Return Index

### Asset Allocation %



### Sector Allocation %



Key Statistics	Fund	Index
Price to Earnings Multiple TTM (x)	13.4	15.4
Price to Book Multiple Latest (x)	1.6	1.6
Return on Equity TTM (%)	12.6	10.5
Dividend Yield—2015 (%)	3.3	4.1
Number of Holdings	35	300
Annualized Return (%) - Last 5 years	6.6	4.3
Annualized Standard Deviation (%) - Last 5 years	14.4	15.4
Largest Monthly Gain (%) - Last 5 years	12.0	11.2
Largest Monthly Loss (%) - Last 5 years	-12.9	-13.0
% Positive Months (%)	58.3	55.4
Success Ratio (%) - Last 5 years	46	
Latest Drawdown-Peak to Trough (%)	-29.9	-40.2
Duration of Drawdown (months)	25mths (Aug 14 to Sep 16)	25mths (Aug 14 to Sep 16)
Recovery from Latest Drawdown (%)	41.6	40.6

## Fund Information

Launch Date	Mar-04
Management Fee	1.50%
Performance	10% over 10%
Subscription & Redemption	Weekly
Dealing Day	Thursday
Subscription & Redemption Deadline	Two business days before dealing day
Minimum Subscription	100,000
Bloomberg Code	KHALEYQY BI Equity
Fund ISIN Code	BH000A1CZ8W7
Custodian/Administrator	HSBC / Apex Fund Services

## Top Holdings

Name	Sector	(%)
Al Rajhi Bank	Banks	9.9
Sabir	Petrochemical	7.1
NCB	Banks	6.7

## Top Risk Statistics (last 5 years)

Standard Deviation (%)	13.7
Sharpe Ratio	0.3
Tracking Error (%)	4.5
Information Ratio	0.5
Alpha (%)	2.5
Beta	0.9

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