

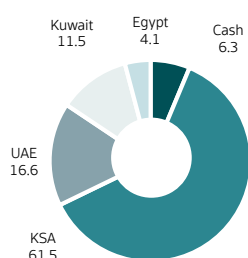
Managers Commentary

In the month of February, the S&P GCC index dipped by 0.5% primarily due to profit taking in Qatar (-4%) and market consolidation in Saudi Arabia (-0.5%). In Qatar IQCD (7.5%), QIB (-5%) and Masraf (-4%) contributed to the declines. In Saudi Arabia, although financials experienced declines, the overall market was supported by selected petrochemicals and midcaps which performed relatively well during the month. The rebound in the Dubai market was the highlight of the month; the gains in Dubai were led by Emaar Malls (+12%) and Emaar Group (+13%).

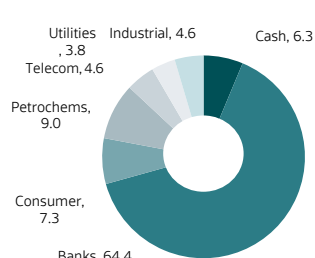
Your fund was down 0.6% during the month, broadly in line with the index which declined by 0.7%. The fund benefited from the declines in the Qatari market; however, the fund's holdings in Saudi Banks fell 2-5% during the month and this curtailed the outperformance for the month.

In February, Dubai posted the first monthly gain in seven months. The rally was triggered when Emaar and Emaar-related companies posted better than expected numbers for the 4th quarter. We are, however, skeptical about the sustainability of this rally as we believe the reported numbers disguise the deteriorating fundamentals of the UAE real estate market. Dubai property prices have fallen by approximately 20% from the peak, and real estate prices are expected to continue to be under pressure due to a significant increase in supply despite falling demand. Emaar's management insists that they would be able to continue to maintain both the price and the pace of pre-sales even if the current downturn in the real estate market persists. We believe the management is being overly ambitious and optimistic, and expect both the margins and pace of pre-sales to taper. Furthermore, its strategy of aggressively increasing supply in the face of market downturn would likely further aggravate the slump in property prices, and this would ultimately impact Emaar's earnings and cash flows in the medium term.

Asset Allocation %



Sector Allocation %



Key Statistics	Fund	Index
Price to Earnings Multiple TTM (x)	12.0	15.5
Price to Book Multiple Latest (x)	1.6	1.7
Return on Equity TTM (%)	14.0	10.9
Dividend Yield—2018 (%)	3.3	3.8
Number of Holdings	27	300
Annualized Return (%) - Last 5 years	4.8	1.4
Annualized Standard Deviation (%) - Last 5 years	13.5	14.7
Largest Monthly Gain (%) - Last 5 years	12.0 (April 15)	11.2 (April 15)
Largest Monthly Loss (%) - Last 5 years	-12.9	-13.0
% Positive Months (%)	59.0	56.1
Success Ratio (%) - Last 5 years	50	
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 (%)	53.7	50.2

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
February 2019'	-0.6	-0.7
YTD (Feb 2019)	6.9	6.2
2018	12.7	12.8
2017	7.6	3.3
2016	5.8	8.5
2015	-6.2	-14.6
Last 3 months	9.1	6.9
Last 6 months	4.8	5.3
Last 1 year	15.1	16.3
Last 3 years	49.5	44.4
Last 5 years	26.5	7.2
Since Inception (Mar 04— Feb 19)	274.5	166.4

*S&P GCC Total Return Index

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	10.3
NCB	Banks	9.2
SAMBA	Banks	7.1

Top Risk Statistics (last 5 years)

Standard Deviation (%)	13.5
Sharpe Ratio	0.13
Tracking Error (%)	4.5
Information Ratio	0.8
Alpha (%)	3.2
Beta	0.9

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