

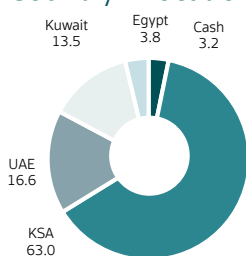
Managers Commentary

In the month of March, the GCC index gained 4.1%, mainly due to a surge in foreign inflows. In March, the region attracted ca. USD 2 billion of foreign inflows, compared to USD 1 billion of inflows in February. Saudi Arabia (USD 1.5 billion) and Kuwait (USD 0.5 billion) attracted the majority of the flows and consequently were up by (+4%) and (+11%) respectively. The remainder of the markets in the region posted total returns of 2-3%, mainly due to dividend payouts.

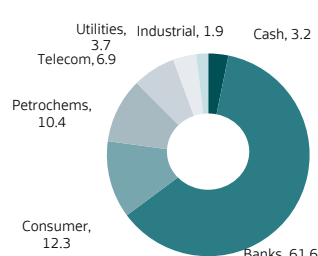
During the month your portfolio was up 4.0%, which was broadly in line with the index. The fund benefited from its investments in Saudi banks, a sector that continued to benefit from foreign inflows. SAMBA (+10%), Al Rajhi (+8%) and NCB (+6%) experienced some of the largest gains during the month. However fund didn't have exposure to AUB (+13%) and NBK (+12%) which negatively impacted the outperformance. YTD, the fund is up 11.1% while the index was up 10.5%. Approximately 70% of this outperformance is attributable to investments in Saudi banks; 30% is attributable to investments in the UAE.

We expect Saudi financials to continue to post healthy earnings in 2019, largely due to margin improvement. Although the probability of further rate increases in the US in 2019 has diminished, Saudi banks have not yet benefitted fully from rate increases made in 2018. Furthermore, mortgage loans would account for the majority of the anticipated loan growth, and mortgage loans earn a higher margin compared to the rest of the products. In contrast, we have limited our exposure to the petrochemical sector. We expect the petrochemical sector to report disappointing earnings in the first half of 2019. The end product prices for petrochemicals remained muted during the quarter despite the recent rally in the price of oil.

Country Allocation %



Sector Allocation %



Key Statistics	Fund	Index
Price to Earnings Multiple TTM (x)	12.6	16.3
Price to Book Multiple Latest (x)	1.7	1.7
Return on Equity TTM (%)	13.3	10.9
Dividend Yield 2018 (%)	3.1	3.7
Number of Holdings	29	300
Annualized Return (%) - Last 5 years	5.1	1.4
Annualized Standard Deviation (%) - Last 5 years	13.4	14.4
Largest Monthly Gain (%) - Last 5 years	12.0 (April 15)	11.2 (April 15)
Largest Monthly Loss (%) - Last 5 years	-12.9% (Aug 15)	-13.0 (Aug 15)
% Positive Months (%)	58.7	56.4
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 (%)	59.8	56.3

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
March 2019	4.0	4.1
YTD (March 2019)	11.1	10.5
2018	12.7	12.8
2017	7.6	3.3
2016	5.8	8.5
2015	-6.2	-14.6
Last 3 months	11.1	10.5
Last 6 months	8.6	9.2
Last 1 year	14.0	15.7
Last 3 years	52.1	45.0
Last 5 years	28.1	7.4
Since Inception (Mar 04— Feb 19)	289.4	177.3

*S&P GCC Total Return Index

Fund Information

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

Top Holdings

Name	Sector	(%)
Al Rajhi Bank	Banks	10.8
NCB	Banks	7.6
ENBD	Banks	6.6

Top Risk Statistics (last 5 years)

Standard Deviation (%)	13.4
Sharpe Ratio	0.16
Tracking Error (%)	4.5
Information Ratio	0.8
Alpha (%)	3.5
Beta	0.9

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