



Al Ahli Gulf Fund

Al Ahli Gulf Fund FACT SHEET - JULY 2006

Fund Objective

To achieve long-term capital appreciation through investing in the shares of companies listed across all GCC exchanges by realizing outstanding investment returns with an acceptable level of investment risk.

Executive Summary

Fund Type:	Open-ended
Subscription /Redemption:	Monthly
Launch Date:	November 2003
Management Fees:	1.25%
Incentive Fees:	10% over 10% Hurdle
Manager:	Al Ahli Bank of Kuwait
Custodian:	Kuwait Clearing Co.
Nominal Price:	KD 1.000 / Unit
Next Dealing Date:	28 th August 2006
Last Dealing Price:	KD 1.047365 / Unit

Current Performance Summary

NAV	Jul'06	YTD'06
KD 1.047	-4.0%	-21.48%

Monthly Performance

Jan'06	Feb'06	Mar'06	Apr'06	May'06	Jun'06
+4.46%	-3.98%	-14.74%	-1.14%	-7.36%	+1.35%
Jul'06	Aug'06	Sep'06	Oct'06	Nov'06	Dec'06
-4.0%					

Historical Performance

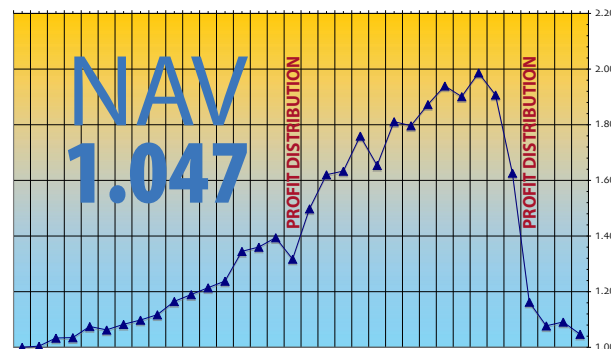
2005 ⁽¹⁾	2004	Since Inception ⁽²⁾
+53.05%	+31.6%	+67.2%

(1) Inclusive of 2005 dividends distributed during 2006 (2) Inclusive of dividends distributed since inception

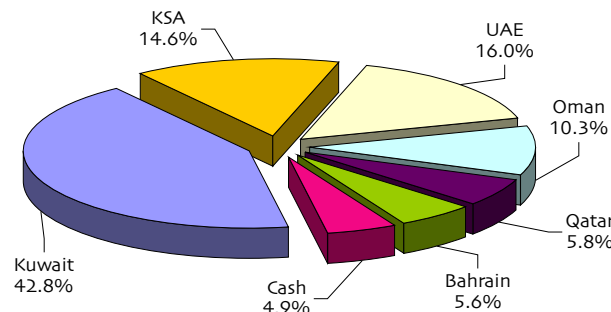
Profits Distributed

2004		2005		Since Inception	
Cash	Bonus	Cash	Bonus	Cash	Bonus
KD 0.180		KD 0.222	22.3%	KD 0.402	22.3%

Performance Chart



GCC Market Allocations



Country Manager

Country	Manager	MTD	YTD
Kuwait	Al Ahli Bank of Kuwait	-5.75%	-17.63%
KSA	Saudi British Bank	-17.48%	-35.09%
UAE	NBAD/Shuaa Capital	-3.60%	-36.68%
Oman	Bank Muscat	-2.77%	-3.04%
Qatar	Shuaa Capital/Taib	+3.63%	-28.48%
Bahrain	Taib Bank	+0.58%	-6.28%

Top 3 Positions / Market

Kuwait	KSA	UAE
KFH	SABIC	Etisalat
CBK	Al Rajhi	ADCB
MTC	STC	FGB
Oman	Qatar	Bahrain
Bank Muscat	Qatar Telecom	AUB
NBO	Indust. Qatar	GFH
Ray. Cement	QNB	BBK

GCC Market Review

During the month of July, the GCC stock markets witnessed strong decline in trading activity as all the markets with the exception of Bahrain and Qatar ended the month in red. The Qatari and Bahraini market registered a growth of 3.63% and 0.58% respectively. The Qatari market was the best performer while the Saudi market registered the worst performance. The Saudi Market registered a decline of -17.48% for the month of July and the market capitalization stood at SAR2.3Tn. The major Banking, Industrial, Cement and Agriculture indexes dropped while Services, Telecom, Insurance, and Agriculture indexes edged higher.

In the wake of the Lebanon -Israel Conflict, tensions have increased throughout the region and the added geopolitical risk has put a strain on the GCC financial Markets. As a result, Investors drew back from trading and the markets declined temporarily. However, the market participants are expecting profit booking as some of the Companies declared strong growth in profits for the first half of 2006. The liquidity in the market has also taken a hit owing to the IPOs, rights issues and capital expansions undertaken by the corporate/banks in the region. We believe that with the capital expansions and new issues, the free float is likely to increase in the market making the market more liquid and deep.

We reiterate that the fundamentals of our economies and particularly that of the corporates remain strong. Also the outlook for oil continues to look supportive of high oil prices, with strong political demand on the one hand and geopolitical concerns on the other. The market is expected to stabilize in the long run supported by high oil prices, increased liquidity, and high local Govt. budget surpluses etc.

Fund Review

The escalation of violence in Lebanon and Israel has affected the GCC markets adversely, causing a draw back in trading activity for the month of July. The negative performance through out the GCC markets was reflected on the Funds performance for the month of July. The Fund witnessed a decline of 4.0% in July, maintaining 67.26% since inception.

During the month, the Fund's Saudi allocation returned the worst performance, while the Fund's exposure to the Omani market returned the least losses. We continued our strategy to strengthen the Fund's exposure to the Kuwaiti market by adding undervalued stocks with strong profits.

The fund management team believes that the worst correction climate has been elapsed over the entire GCC markets and expected to show positive movement by the beginning of the third quarter of the current year. Hence, the fund's allocations are well poised to benefit the maximum once the GCC markets return to a bullish environment.

