

Fund Objective

To achieve capital growth through investing in the shares of companies registered at the Kuwait Stock Exchange by realizing outstanding investment returns above the market average with an acceptable level of investment risk.

Executive Summary

| | |
|---------------------------|----------------------------|
| Fund Type: | Open-ended |
| Subscription /Redemption: | Monthly |
| Launch Date: | February 2003 |
| Management Fees: | 1.50% |
| Manager: | Al Ahli Bank of Kuwait |
| Custodian: | Kuwait Clearing Co. |
| Nominal Price: | KD 1.000 / Unit |
| Next Dealing Date: | 26 th July 2006 |
| Last Dealing Price: | KD 1.235426 / Unit |

Current Performance Summary

| NAV | Jun'06 | YTD'06 |
|----------|--------|---------|
| KD 1.235 | -0.64% | -19.57% |

Monthly Performance

| Jan'06 | Feb'06 | Mar'06 | Apr'06 | May'06 | Jun'06 |
|--------|--------|--------|--------|--------|--------|
| +2.05% | -6.39% | -15.2% | +2.86% | -3.59% | -0.64% |

| Jul'06 | Aug'06 | Sep'06 | Oct'06 | Nov'06 | Dec'06 |
|--------|--------|--------|--------|--------|--------|
| | | | | | |

Historical Performance

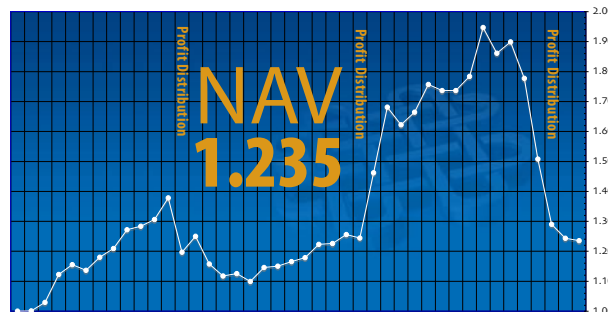
| 2005 ⁽¹⁾ | 2004 | 2003 | Since Inception ⁽²⁾ |
|---------------------|-------|--------|--------------------------------|
| +57.48% | +2.7% | +37.8% | +71.60% |

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

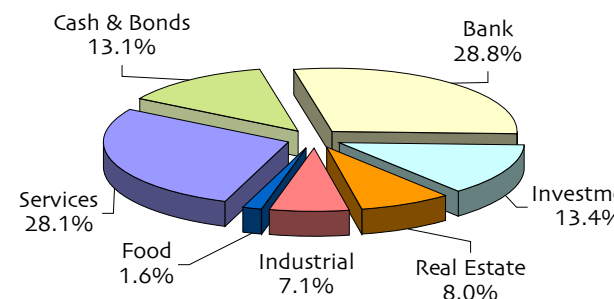
Fund Top 5 Positions

| | |
|---|----------------------|
| 1 | MTC |
| 2 | PWC |
| 3 | Kuwait Finance House |
| 4 | Burgan Bank |
| 5 | Kuwait Finance House |

Performance Chart



Sector Allocations



Profits Distributed

| 2003 | 2004 | 2005 | Since Inception |
|----------|----------|----------|-----------------|
| Cash | Cash | Cash | Bonus |
| KD 0.190 | KD 0.070 | KD 0.105 | 15.6% |
| | | | Cash |
| | | | KD 0.365 |
| | | | Bonus |
| | | | 15.6% |

Fund Performance Analysis

| | |
|-------------------------|--------|
| Best Month Performance | +17.5% |
| Worst Month Performance | -15.2% |
| No. of Up Months | 30 |
| No. of Down Months | 11 |
| Average Monthly Gain | 1.85% |

GCC Market Performance

| | MTD | YTD |
|---------|---------|---------|
| Kuwait | +0.82% | -12.61% |
| KSA | +18.43% | -21.62% |
| UAE | -4.74% | -33.38% |
| Oman | -1.11% | -0.27% |
| Qatar | +0.07% | -30.99% |
| Bahrain | +1.00% | -6.81% |

Market Review

The month of June witnessed the bulls out-numbering the bears with a positive performance from all the sectors with the exception of the Banking, Real Estate & Non-Kuwaiti Sectors. The best performance was witnessed in the Services sector. The month witnessed a flat performance from the KSE (price weighted) index increasing slightly by approx. 0.07% bringing its YTD-June performance to a negative 12.61%.

On the other hand, the KIC Index (Kuwaiti Cos) also showed a positive performance with the Index increasing by approx. 1% for the month, bringing its YTD-June performance to a negative 13%. The total market capitalization of the Kuwaiti market as of 28-Jun-06 stood at KD 39.13bn.

The positive performance in the market can be attributed to the positive anticipation of the 2nd Qtr corporate results and also due to the demand for quality stocks that traded at cheap levels due to the recent market correction.

The month continued to witness new listings with 4 new companies being listed on the KSE – Kuwait Bahrain Exc. Co, National Co. for Consumer Industries, United Projects for Aviation Services & the Bahrain based Ahli United Bank, having a combined mkt. cap of approx. KD 850mn. As of 28-Jun-06, the number of listed companies on the KSE totalled 172.

Going forward, we continue to believe that the fundamentals remain strong for the Kuwait economy/market especially taking into consideration an environment of persisting high oil prices, positive anticipation of 2nd Qtr corporate results, & also the fact that the Kuwaiti market has been trading at cheap levels compared to the other GCC markets.

Fund Review

During the month, the Fund witnessed a flat performance reducing by approx. 0.64%. However, the Fund continues to maintain a strong performance of approx. 76% since its inception

Further, the Fund's portfolio continues to be strengthened with the addition of undervalued stocks based on their fundamentals related to Financials, Dividend yield, with the major focus being given to the company's potential of generating consistent operating revenues.

Overall, we continue to believe that the portfolio is currently well poised to benefit the maximum when the market fully rebounds into positive territory.