



## Al Ahli Kuwaiti Fund

# Al Ahli Kuwaiti Fund FACT SHEET - DECEMBER 2006

### 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:	31 <sup>st</sup> January 2007
Last Dealing Price:	KD 1.311531 / Unit

### Current Performance Summary

NAV	Dec'06	YTD'06
KD 1.312	+1.33%	-15.4%

### 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
-3.33%	+3.24%	+6.0%	+8.74%	-8.91%	+1.33%

### Historical Performance

2005 <sup>(1)</sup>	2004	2003	Since Inception <sup>(2)</sup>
+57.48%	+2.7%	+37.8%	+83.3%

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

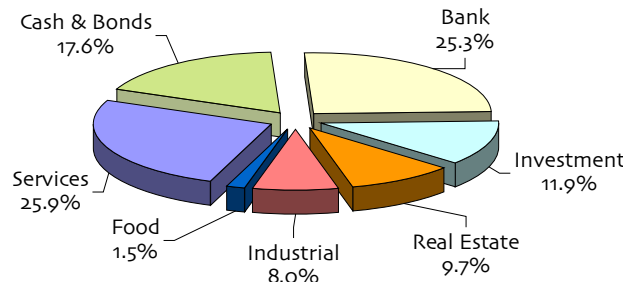
### Profits Distributed

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

### Performance Chart Since Inception



### Sector Allocations



### Fund Top 5 Positions

1	MTC
2	KFH
3	PWC
4	NBK
5	COBK

### Fund Performance Analysis

Best Month Performance	+17.5%
Worst Month Performance	-15.2%
No. of Up Months	34
No. of Down Months	13
Average Monthly Gain	1.77%

### GCC Market Performance

	MTD	YTD
Kuwait	+3.20%	-12.04%
KSA	-4.70%	-52.53%
UAE (NBAD)	-0.59%	-39.36%
Oman	+1.93%	+14.30%
Qatar	+18.44%	-36.19%
Bahrain	-0.41%	-1.11%

### Market Review

In 2007 it is expected that the market will perform similar to 2006 reflecting the uncertainty approach "Bear Tune". It is worth mentioning that KSE has shown a reasonable behavior -12% compare to regional markets i.e. Saudi, Qatari & UAE (Saudi -53%, UAE -41%, Qatari-35%). The KSE total market value losses amounted to \$443Bn in 2006 on the other hand the country witnessed a huge increase its oil income by 1.5x during the same period.

Local market is being effected from the government side and expected to face the same pattern especially for BOT companies related to violations in connection to the existing projects with the government; however this matter might be rectified if the general assembly or the government adopts new scenarios or laws to solve the current violations. As a result, the market will remain under strong speculations climate especially by a speculative traders in the coming period.

Its obviously that the current government is under strong reform agenda for a purpose to implement law & order over all society portion to immunize the local economy and country for a long term strategic plans and in view of the coalition power of the current parliament assembly which is dominated by the opposition parties.

Despite of the weak technical market analysis by most of chart experts/news we believe that local economy will remain strong due to the strong demand over oil in which that the local economy is dominated by the petrodollar returns! Hence the oil prices is expected to remain within the \$50-60\$ ranges in the near by horizon, fundamental will remain strong but the geopolitics and local sentiments is weak! due to several issues i.e. Iran nuclear file, Iraq & Lebanon.

Furthermore, we believe also that the local companies will able to distribute fair dividends despite of the negative performance during the elapsed year taking into consideration most of companies general reserves, but 2007 year is expected a challenge year for most of the companies, especially for companies who relies on market trading in view of the bearish expected performance within the regional markets and the severe drop in trading levels during the elapsed cross the markets.

### Fund Review

In light of the above, we believe that AlAhli Kuwaiti Fund performance was closely correlated with KSE price index, KSE weighted index, and the Funds benchmark (KIC index). The Kuwaiti Fund registered a decline of -15.4%, compared to the KSE price index which registered -12%, weighted index -5.43% & Fund bench mark (KIC Index) -9% in the year 2006. In view of the stated facts Al Ahli Kuwaiti Fund will continue with its conservative strategy in 2007 and we believe that the Fund will perform positively once the market shows good stability and adopt healthy attitude in the coming future. However, we believe the current conservative policy and portfolio structure will able to protect unit holders in the medium/long term horizon.

