

## 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:	30 <sup>th</sup> August 2006
Last Dealing Price:	KD 1.1944 / Unit

## Current Performance Summary

NAV	Jul'06	YTD'06
KD 1.1944	-3.33%	-21.77%

## 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%					

## Historical Performance

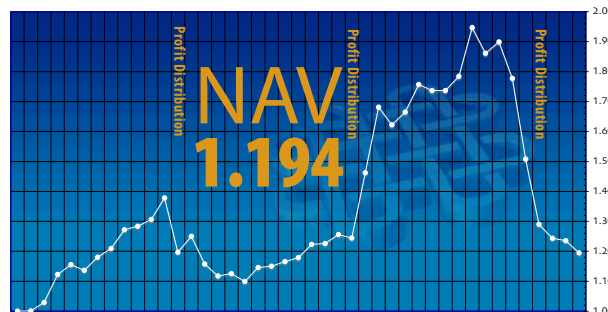
2005 <sup>(1)</sup>	2004	2003	Since Inception <sup>(2)</sup>
+57.48%	+2.7%	+37.8%	+71.54%

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

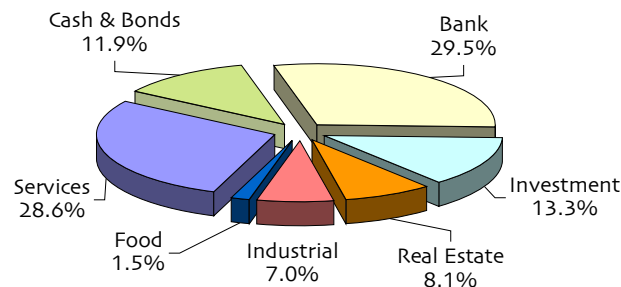
## Fund Top 5 Positions

1	MTC
2	PWC
3	Kuwait Finance House
4	Burgan Bank
5	Commercial Bank of Kuwait

## 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	12
Average Monthly Gain	1.70%

## GCC Market Performance

	MTD	YTD
Kuwait	-5.08%	-17.05%
KSA	-20.66%	-37.59%
UAE	-0.69%	-34.77%
Oman	-2.60%	-2.86%
Qatar	+3.25%	-28.75%
Bahrain	-0.03%	-6.84%

## Market Review

Kuwait stock Exchange continued its drop in July with the continuation of the conflict in the Middle East and diminishing trading activity. Analysts believe that this has been a very volatile period for the market as the crisis in Lebanon has driven away investors. The bourse reached its lowest levels since August 17, 2005. Decline has been witnessed across all sectors of the Kuwaiti Market except the insurance sector, which achieved positive performance of 2.77% for the month of July. The KSE (price weighted) index dropped 1.08% bringing its YTD-July performance to a negative 13.69%.

The KIC index (Kuwaiti Companies) also declined by approx -5.01% (Fund -3.33%) during the month of July, bringing its YTD-July performance to negative -17% (Fund -21.77%). The total market capitalization as of July 30, 2006 stood at KD37.4bn.

On the Macroeconomic view, we continue to believe that the economic environment in Kuwait is positive backed by huge financial surplus as a result of persisting high oil prices. Over the past four years, the central government budget registered an average surplus of 24% of GDP, peaking at almost 36% in the fiscal year 2005/2006, which ended on March 31. In addition, the positive 2nd quarter results for the majority of listed companies, especially the blue chip companies, reassure that the fundamentals remain strong for the Kuwait Market.

## Fund Review

The decline in the Kuwaiti market was reflected in the fund's performance for the month of July. The portfolio witnessed decline in the Banking, Investment, and Industrial sectors as summer selling trend emerged. The Fund continued its conservative strategy, focusing on blue chip companies and operational companies across all sectors. As a result, the Fund's performance which registered a decline of -3.33% for July, managed to outperform the KIC index which registered a decline of -5.01%.

Overall, we continue to believe that the Fund's portfolio is well poised to benefit the maximum once the Kuwaiti market rebounds into positive territory.