

**NAV**  
**US\$0.97243**

## Fund Objective

The Fund seeks long-term capital appreciation by investing primarily in the equity markets of the GCC countries (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE).

The Fund will aim to optimize longer term returns by reducing the downside risk below that of the GCC equity markets. A contribution to this objective will be achieved by diversifying among various MENA countries outside the GCC and cash resources based on the investment outlook and strategy decided by the Fund's Investment Manager.

## Investment Features

- Investing in equities with strong fundamentals and good long-term prospects
- Easy access to your investment on a weekly basis
- Active strategic approach in the GCC equity market

## Fund Facts

Fund Structure: Open-ended

Inception Date: June 1, 2005

Liquidity: Weekly

Currency: US Dollars

Initial Subscription Price: USD1 per unit

Minimum Investment: USD25,000 initial investment with additional investments in multiples of USD1,000 thereafter

Subscription Fee: One-time fee up to 2.00% upon subscription

Management Fee: 1.50% per annum

Performance Fee: 10.00% for every 1.00% by which the Fund's return exceeds 10% during any financial year.

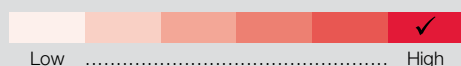
Fund Manager: Watani Investment Company K.S.C.C

Distributor: National Bank of Kuwait S.A.K

Auditor: Ernst & Young

Domicile of the Fund: Bahrain

## Risk Level



## Performance Since Inception

	Fund
Cumulative Return Since Inception	-2.76%
Annualized Return Since Inception	-0.78%
YTD Return	-34.73%
1 Month Return	0.27%
3 Months Return	-17.95%
6 Months Return	-34.43%
1 Year Return	-34.73%
2 Year Return (annualized)	-3.64%
3 Year Return (annualized)	-5.65%
5 Year Return (annualized)	N/A
Annualized Geometric Mean	-0.63%
Annualized Standard Deviation	15.28%
Adjusted Sharpe Ratio*	0.00
Coefficient of Variation	-24.21

\* Risk Free Rate used is the 3-month US Treasury Bill

## Country Allocation

Saudi Arabia	4.26%
Qatar	2.07%
Oman	0.99%
Kuwait	0.13%
Bahrain	0.06%
Cash	92.49%

## Sector Allocation

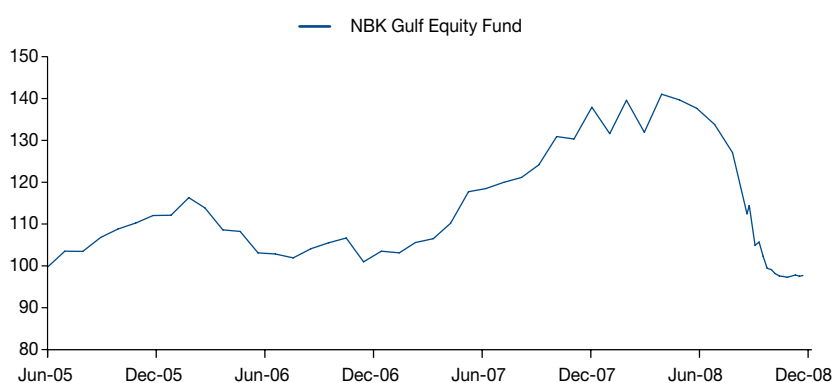
Consumer Staples	56.79%
Industrials	15.09%
Telecom	9.71%
Energy	9.05%
Banks	8.05%
Financial Services	1.30%

## Top Ten Holdings

Al Marai Company	Saudi Arabia	4.26%
Industries Qatar	Qatar	1.12%
Oman Telecommunications	Oman	0.73%
Doha Bank	Qatar	0.53%
Qatar Fuel Co.	Qatar	0.41%
Al Maha Petroleum products Co.	Oman	0.27%
Kuwait Investment Projects Co.	Kuwait	0.09%
Arab Banking Corp.	Bahrain	0.05%
Bank of Kuwait & Middle East	Kuwait	0.02%
KGL Logistics	Kuwait	0.01%

## Fund Performance

Performance of USD100 invested since inception



All data as of December 31, 2008.

Past performance is no guarantee for future return. The value of shares can go down as well as up.

## General Fund Overview

- Regional stock markets continued their fall in the fourth quarter of 2008, responding to the worsening global credit crisis. All six countries in the GCC saw double digit losses in their equity indexes in the fourth quarter and full year.
- The NBK Gulf Equity Fund returned -18.14% for the fourth quarter versus the MSCI GCC Index which returned -38.13%. For the full year, the NBK Gulf Equity Fund returned -34.73% versus the MSCI GCC Index which returned -55.84%.
- The Fund outperformed the MSCI GCC Index during the quarter and full year. Our outperformance of 21% for the full year was driven by our investment strategy which limits our exposure to markets during extreme periods of volatility.