

Palestine Dedicated Fund

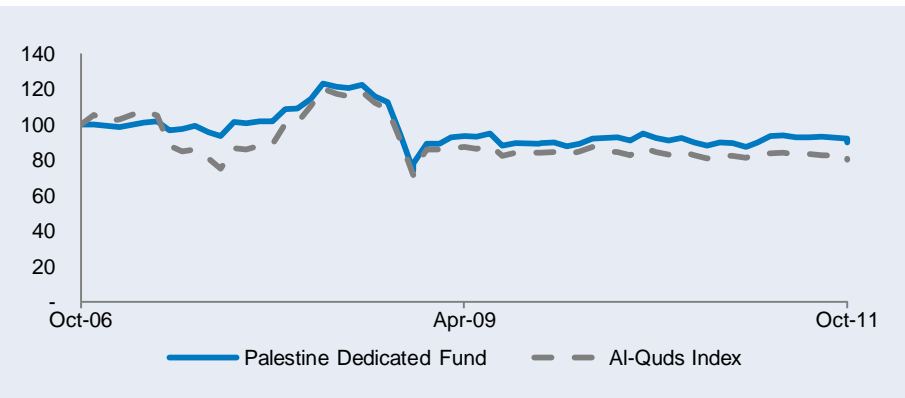
Fund Objective & Strategy

The fund seeks to achieve long-term capital appreciation by investing in a diversified portfolio of stocks listed on the Palestine stock exchange. The investment process is based on a bottom-up stock selection methodology along with a macroeconomic overlay to identify growth opportunities in Palestine. The fund invests in multiple sectors and growth/value categories.

Fund Information

Asset Type	Equity
Geographic Focus	Palestine
Fund Manager	Global Investment House
Benchmark	Al-Quds Index
Fund Listing	Bahrain
Launch Date	September 2006
Structure	Open-Ended
NAV	US\$ 89.69
Current Fund Size	US\$ 13.3 m
Base Currency	US\$
Initial Investment	US\$ 50,000
Subsequent Investment	US\$ 10,000
Subscription & Redemption	Monthly
Initial Charge	Up to 2.0%
Management Fee	1.5% per annum
Custodian Fee	0.125% per annum
Performance Fee	25% of excess return over hurdle rate (25%)
Redemption Fee	None
Custodian	Gulf Clearing Company B.S.C
Auditors	KMPG (Bahrain)

USD100 Invested Since Inception



Cumulative Returns (%)

	1M	3M	YTD	1Y	2Y	*SI
Fund	-2.3	-3.2	-0.1	-0.2	0.3	-10.3
Benchmark	-2.8	-4.1	-3.0	-3.4	-5.1	-20.1
Difference	0.5	0.8	2.9	3.2	5.4	9.8

* Since Inception (September 2007)

Yearly Performance Ending 31st December (%)

	2006	2007	2008	2009	2010	*2011
Fund	-0.9	2.5	-23.1	12.3	2.4	-0.1
Benchmark	1.8	-12.9	-16.1	11.6	-0.7	-3.0

* Year-to-date

Risk Metrics

Tracking Error	8.7%
Beta	0.73
Information Ratio	0.26
Sharpe Ratio	NA
Standard Deviation	17.1%

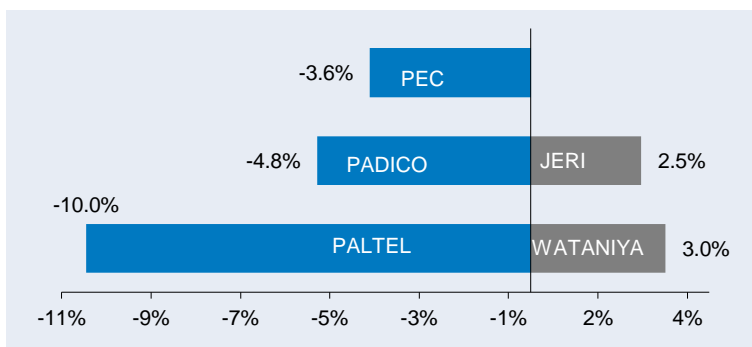
Market Review

The Palestine Fund witnessed further decline in October, the third consecutive decline; as it shed 2.3% MoM, slightly outperforming the index (-2.8% MoM). On a YTD basis, PDF returns went into red, with a marginal drop of 0.1%, while Al-Quds index stood at -3.0%.

Positive Contributors: Our overweight in Wataniya, which was up 1.7% MoM, and our underweight on PEC, which was down 0.9% MoM.

Negative Contributors: Our underweight in PALTEL, which was up 1.5% MoM.

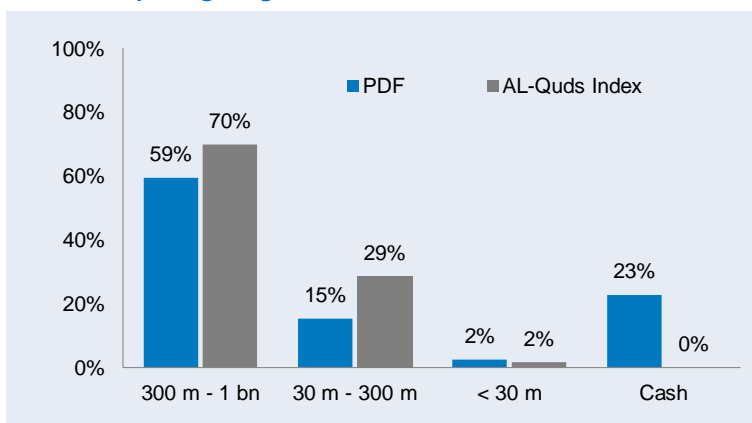
Top Three Overweight/ Underweight versus Benchmark



Top Three Fund Holdings

Stock	Stock Fund (%)
PALTEL	40.9
BANK OF PALESTINE	15.6
PADICO	9.0
Total of top 3	65.5
No. of holdings	9

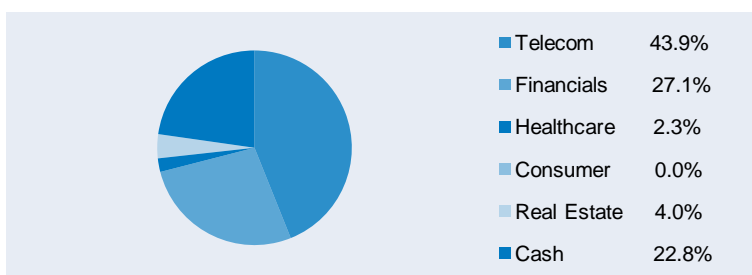
Market Cap Weightings



Sector Weights

Stock	Benchmark (%)	Fund (%)
Telecom	50.9	43.9
Financials	39.1	27.1
Healthcare	2.9	2.3
Utilities	3.6	0.0
Consumer	0.7	0.0
Industrial	0.4	0.0
Real Estate	2.5	4.0
Cash	NA	22.8

Sector Breakdown



Market Outlook

In the long term, Palestine market is still loaded with opportunities as many stocks continue to trade below their book values, but liquidity is still a major issue.

YTD, the market has experienced low volatility vis-a-vis regional and international markets as the market is driven more by domestic/local factors than external factors. In terms of our asset allocation, we are overweight in the real estate sector, while keeping an underweight in the other sectors.

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