

Rasmala Palestine Equity Fund



February 2012

Investment Objective

The Rasmala Palestine Equity Fund seeks to achieve long-term capital appreciation by investing in a diversified portfolio of growth and value stocks listed on the Palestine Stock Exchange (PSE), in securities anticipated to undergo initial public offerings as well as securities at their initial public offering. The fund focuses on key economic sectors: banking, telecommunications, investment, and pharmaceutical. The fund will aim to generate Alpha above Al-Quds Index.

Market Performance

The Palestinian market reversed its direction in February and closed at a higher level. Improved sentiment and solid earnings helped to lift the mood across the region during the month of February. Overall, Al-Quds Index added 1.27% in February. The services sector was the best performer during the month, while the industrial sector was the worst. Positive performance during the month came from Index bellwethers the Palestinian Telecommunication Company and Bank of Palestine, which increased by 1.49% and 4.17%, respectively.

Over the measurement period, Al-Quds Index increased by 1.17%. In comparison, Rasmala Palestine Equity Fund increased by 0.56% underperforming the benchmark by 61 basis points. The negative performance was mainly due to the rebalancing of the Fund's positions and our underweight position in Union Construction and Investment Company, which rallied by 21.13% during the month after the management recommendation to return 25% of the company's share capital back to investors. Positive contribution to this month's performance primarily resulted from our overweight position in the Bank of Palestine and our underweight in Jerusalem Cigarette Company. On the other hand, our underweight positions in Union Construction and Investment Company and Ahleia Insurance Group negatively affected the fund.

Market Outlook

Sentiment has improved significantly across the region as ample liquidity and low valuations have enticed investors. We believe that the Palestinian market's attractive valuation, strong earnings, and low correlation with other MENA and global Markets would attract investors sooner or later. The reporting season has ended with very solid results, as 74% of the listed companies reported profits in 2011, and 52% reporting better results compared to 2010. Market heavyweight PALTEL reported 5% higher earnings in 2011 of USD 128 million despite doubling its investment provisions to USD 25.6 million during the year. Bank of Palestine reported 13% higher net profits and Palestinian Real Estate Company reported an impressive 46% increase in its bottom line. Looking forward, strong dividends and improved sentiment should strengthen the market's momentum.

Fund Information

Asset Type	Equity
Fund Currency	USD
Country Focus	Palestine
Domicile	Luxembourg
Inception Date	May 5, 2011
Structure	Open-Ended Luxembourg SICAV SIF
Subscription	Weekly
Redemption	Weekly
Lock Up	None
Official February NAV/unit (USD)*	95.2128
Management Fee	1.5%
Min. Initial Subscription	50,000
Min. Add. Subscription	10,000

*NAV of the last week of the month

Fund Manager

Marwan Haddad, CFA

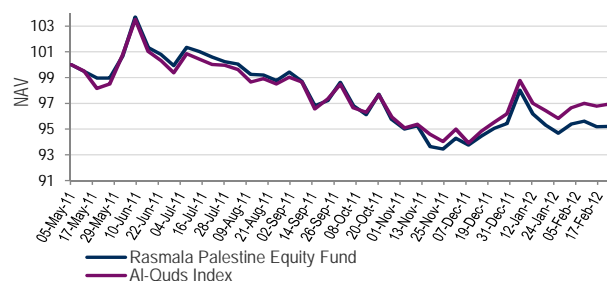
Top Three Holdings

Company	Weight
PALTEL	37%
Bank of Palestine	19%
PADICO	15%
Total	71%

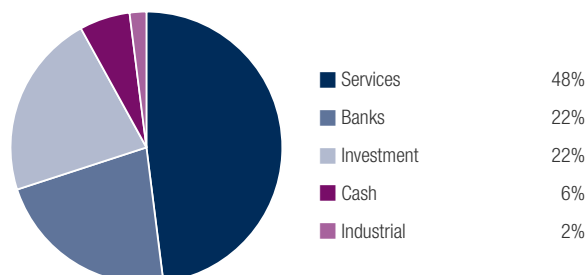
Fund Performance

	February 2012	Year-to-Date	2011	Since Inception
Rasmala Palestine Equity Fund	0.56%	-0.23%	-4.57%	-4.79%
Al-Quds Index	1.17%	0.78%	-3.80%	-3.05%

Performance Graph



Sector Allocation



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