

December 31, 2011

PERFORMANCE REPORT



NAV Per Unit OMR 0.905*

Total Net Asset Value OMR 8.099 M - US\$ 21.033 M

*Please refer to weekly NAV for subscription/redemption / NAV Adjusted for 6% Bonus Units

Bloomberg Code	OMALARA OM	Reuters Code	LP68032666
Zawya Code	OABOAAF.MF	MSM Code	OMANARAB

Fund Objectives

The Fund is an open-ended equity mutual fund which offers exposure to the listed equity in Oman coupled with the possibility of capturing emerging opportunities in listed equities in other GCC countries, and aims to a combination of capital growth and dividend income.

Key Features

Domicile	Sultanate of Oman	Founders	Oman Arab Bank	Oinvest
Reference Currency	Omani Rials (OMR)	Inception Date	December 22, 2009	
Fund Type	Open-ended	Management Fees	1.5% per annum	
Unit Nominal Value	OMR 1.000	Performance Fees	15% of amount exceeding 10% over NAV	
Valuation	Weekly	Fund Manager	Oman Arab Bank - IMG	
Minimum Investment	1,000 Units and multiples of 100 Units	Custodian	National Bank of Oman S.A.O.G.	
Maximum Investment	No maximum	Administrator	Oman Arab Bank – IMG	
Subscription Fees	From 1.50-2.50% depending on amount	Legal Advisor	Said Al Shahry Law Office	
Redemption Fee	1.5%	Auditor	Price Waterhouse Coopers	

Performance Vs. Other Indices – 2011

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
OAF	-0.38%	-9.93%	6.39%	4.52%	-4.10%	-1.37%	-1.97%	-2.09%	-2.39%	0.79%	-2.67%	3.52%	-10.21%
S&P GCC Index	-2.63%	-6.55%	6.06%	3.16%	-1.85%	-2.04%	-2.60%	-4.89%	0.68%	1.83%	-1.81%	2.83%	-8.22%
Bloomberg GCC200	-2.72%	-6.32%	5.95%	2.85%	-2.06%	-1.56%	-2.08%	-4.31%	-0.20%	1.29%	-1.94%	2.00%	-9.30%
MSM30 Index	1.24%	-10.18%	0.41%	2.73%	-5.17%	-1.52%	-1.83%	-0.70%	-2.86%	-0.26%	-3.00%	5.07%	-15.69%
Al Arabi Oman20 Index	0.86%	-13.40%	0.20%	4.96%	-5.36%	0.25%	-2.33%	0.19%	-3.00%	2.21%	-2.31%	7.14%	-11.50%

Performance Vs. Other indices – 2010

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
OAF*			3.14%	1.34%	-7.10%	-1.89%	3.33%	-0.89%	3.12%	1.48%	1.15%	2.60%	+5.95%
S&P GCC Index			5.33%	0.36%	-10.63%	-1.57%	4.29%	-0.73%	6.20%	0.99%	-0.59%	4.58%	+8.23%
Bloomberg GCC200			6.17%	-0.17%	-10.33%	-1.54%	3.81%	-0.84%	6.22%	2.18%	-0.22%	3.67%	+8.95%
MSM30 Index			0.71%	1.98%	-7.85%	-3.75%	3.90%	-0.60%	3.45%	1.24%	0.59%	2.47%	+1.57%
Al Arabi Oman20 Index			1.35%	4.54%	-10.28%	-0.44%	4.18%	-0.62%	3.28%	2.04%	2.17%	3.27%	+8.95%

*Since March 4, 2010, date of first NAV

Monthly Commentary

The final month of 2011 saw a resurgence in the MSM index, as investors across the board looked to take advantage of the attractive prices, especially those relating to high-dividend paying stocks. The index gained 5.07% from the previous month, second only to the Saudi Tadawul market which ended the year with a monthly gain of 5.13%. Meanwhile, the Fund ended December gaining 3.52%, as it was held back by retreats from the Dubai and Abu Dhabi markets which by 2.13% and 1.74% respectively. The S&P GCC Index as well as the Bloomberg GCC Index recorded monthly figures of 2.83% and 2.00% respectively. Despite the strong gains during December, the year 2011 was one of the toughest our market has experienced, confronted by numerous factors whether internal or external which overthrew the strong fundamentals presented by listed companies due to the hesitation and lack of investor confidence in the market.

Locally, several listed companies announced headlines which helped improve their share performance before year end. Renaissance Services disclosed the approval of raising additional capital amounting RO 50mn through quasi-equity instruments to fund the company's expansion plans. Bank Muscat announced the approval of a rights issue of RO 100mn expected during the second quarter of 2012.

On a macro level, the IMF reported that Oman's economy has been unaffected by the euro-zone debt crisis because its oil exports are mainly to faster-growing Asian countries, thus verifying the stability of country's revenues in the coming period as long as the oil prices do not fall significantly. The dimensions of government strategic planning represented in "Vision 2020" is based on diversifying sources of income by focusing on non-oil sectors which has been translated through large government spending on different sectors that will contribute in laying the foundation of stability not in the short term only, but the long term as well.

Regionally, the Saudi Arabia's declaration for its budget for the year 2012 and its achievement of fiscal surplus during 2011 will result in a positive drive for GCC markets due to the investments amongst GCC nations. The Kingdom recorded a surplus of US\$ 81.6bn in 2011 and expected to record a surplus of US\$ 3.2bn during 2012 despite the large government spending of US\$ 184bn. In this context, we expect that other GCC countries to follow the Kingdom's example as the Sultanate has already revealed its 8th Five year plan for the period 2011-2016 with a historical average spending of RO 8.5bn in each year.

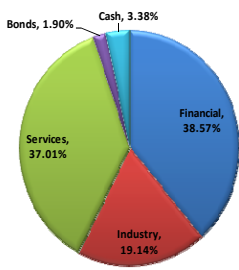
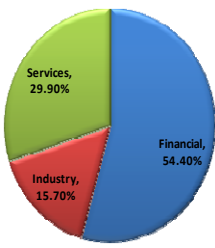
Future Outlook

The Fund manager will look to make tactical adjustments, giving main focus to high dividend yield stocks as well as do the necessary action after companies announce full fiscal year results.

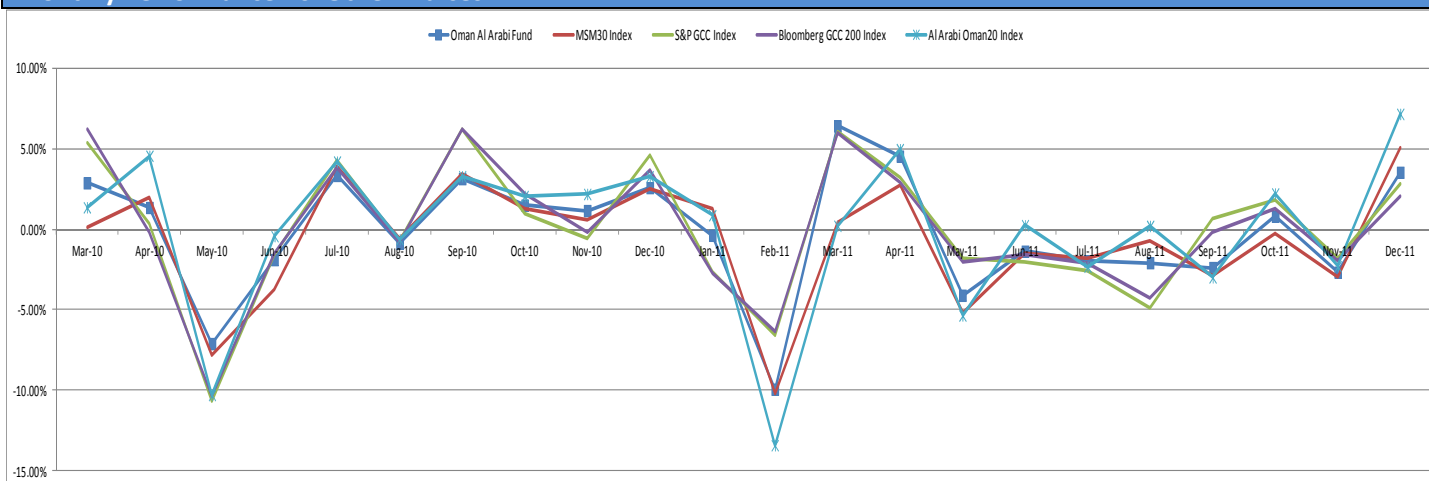
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Top 5 Holdings			Sector Allocation	
Security	Country	%	OAF	MSM30
Bank Muscat	Oman	9.85%		
Oman Telecommunications	Oman	9.72%		
National Bank of Oman	Oman	7.32%		
Oman International Bank	Oman	6.87%		
Oman Qatari Telecom Nawras	Oman	4.82%		

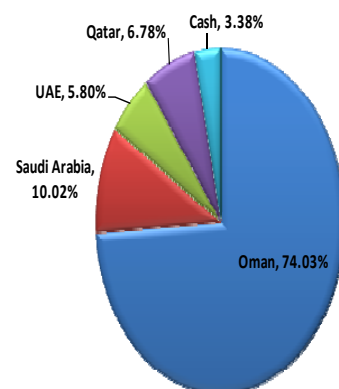
Monthly Performance Vs. Other Indices



Performance Statistics

	OAF	S&P GCC	Bloomberg GCC200	MSM30	Al Arabi Oman20 Index
YTD	-10.21%	-8.22%	-9.30%	-15.69%	-11.50%
MTD	+3.52%	+2.83%	+2.00%	+5.07%	+7.14%
3-Month	+1.55%	+2.82%	+1.31%	+1.66%	+6.98%
6-Month	-4.85%	-4.11%	-5.27%	-3.74%	+1.55%
12-Month	-10.21%	-8.22%	-9.30%	-15.69%	-11.50%

Country Allocation



NAV Publication

OAB – IMG	www.oabinvest.com	Local Newspapers	Al Roya, Muscat Daily
MSM	www.msm.gov.om	Zawya	www.zawya.com
Bloomberg	OMALARA OM	Reuters	LP68032666

Disclaimer

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