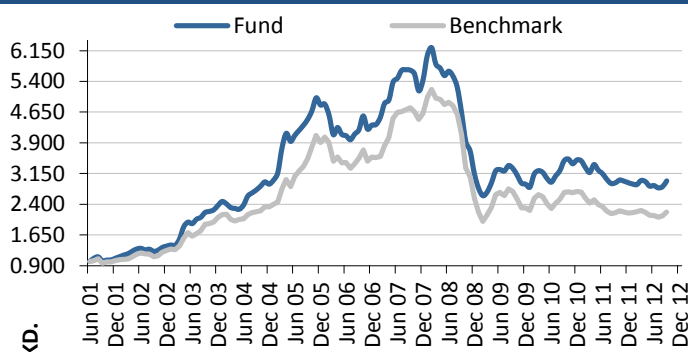


Fund Objective: To secure long term capital growth by investing in companies listed on the KSE.

Fund vs. Benchmark		MIDAF	KIC Index
Since inception (CAGR)	%	10.15	7.29
Volatility (SD)	36 Months %	13.6	14.8
Sharpe Ratio (RFR= KIBOR 1M+ 0.5%)		0.48	0.31
Information Ratio		-	-
Beta	36 Months	0.9	1.0
Ex Post Alpha		3.4	-
Tracking Error	36 Months	4.0	
Number of Holdings		29	
Portfolio turnover Ratio		0.20X	

Fund price performance



Fund Performance (Returns %)

Years	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	Index
2001							8.0	3.1	-8.9	2.1	0.3	3.9	7.9%	2.1%
2002	3.6	3.6	2.9	5.2	4.1	1.3	-2.8	1.1	-4.1	2.2	5.5	2.3	27.5%	25.0%
2003	2.0	-0.6	10.9	19.5	6.2	-1.8	5.6	2.3	5.7	1.2	1.6	4.8	72.1%	62.5%
2004	4.1	-2.4	-3.8	-0.8	-0.9	4.5	9.2	3.0	2.7	3.4	3.6	-1.9	22.0%	12.6%
2005	3.3	6.0	19.3	9.4	-4.8	3.8	3.0	2.9	3.4	4.7	6.8	-3.5	66.8%	67.3%
2006	0.5	-5.6	-10.0	4.3	-4.0	-0.8	-2.4	3.5	2.6	8.0	-7.1	2.3	-10.2%	-9.0%
2007	0.3	4.0	7.6	1.6	9.0	1.7	3.5	0.2	-0.2	-1.6	-7.4	5.3	25.6%	30.4%
2008	10.9	3.1	-6.5	-1.6	-3.2	1.9	-2.1	-4.9	-11.7	-15.4	-5.6	-15.1	-42.2%	-44.8%
2009	-11.5	-6.3	3.5	8.2	10.1	0.9	-1.1	4.2	-2.1	-5.0	-6.2	-1.0	-8.1%	-9.3%
2010	-2.5	11.3	2.6	-1.3	-4.6	-3.0	5.1	4.3	7.5	1.2	-3.3	2.8	20.5%	17.4%
2011	-0.7	-4.8	-3.6	6.1	-4.2	-2.6	-4.4	-3.3	0.6	2.3	-0.9	-1.3	-16.0%	-19.4%
2012	-1.1	-0.5	3.5	-0.9	-3.8	0.5	-1.9	0.9	5.1				1.5%	0.9%

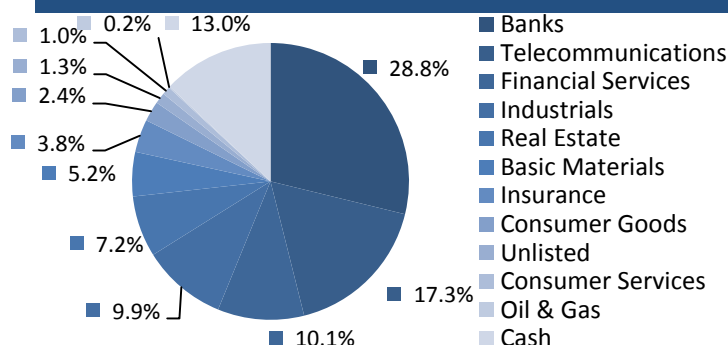
Key Facts

Net Assets	KD. 89.735 Million
NAV per unit	KD. 2.9691786
Type	Open-ended
Investment Manager	Kuwait Financial Centre
Fund Inception	July 2001
Management Fees	1.75% p.a.
Subscription/Redemption fee	0.50%
Minimum Subscription	100 units
Subscription/Redemption	Weekly
Fund Valuation	Weekly
Custodian	Kuwait Clearing Co
Auditor	RSM Al Bazie & Co.
ISIN	KW0EQ0903215
Bloomberg	MARKIDF KK
Lipper Code	LP65038180
Zawya Code	KFCMIDF.MF
Morning Star SecID	F00000251T

Top 5 Holdings (49% of NAV)

National Bank of Kuwait
Kuwait Finance House
Zain Telecom
Mabanee Company
Watania Telecom

Sector Diversification



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Fund Manager commentary on page 2

Market Commentary

The Kuwait Stock Exchange had a change of course heading north following the confidence boost and a dose of optimism, resulting from the government's serious inclination to reform the economy, particularly that the Kuwaiti companies and the banks have been enduring, for the last four years, from deteriorating economic conditions and the dramatic reduction in asset values, which recently led the companies and banks to increase its provisions by unprecedented levels, to face the regression of the value of securities/pledged assets versus the value of loans.

His Highness the Amir of Kuwait Sheikh Sabah Al Ahmad Al Sabah met with the Kuwaiti government economic team, and urged its members to work on reviving the local market in the short and long term. Meanwhile, recommendations were presented by the private and government sector, to look for remedies to eradicate the deadlock. The government promises of reformative and incentive measures for the economy reflected positively on the performance of the stock exchange as the index of the Kuwait investment company increased by 4.5% during September. Liquidity levels also improved substantially, particularly for the leading shares, while selling of speculative stocks witnessed a noticeable rise.

The political breakthrough attained following the Constitutional Court refusal of government's appeal with regards to amending the electoral constituencies, had also contributed to stabilizing the performance of the financial markets.

The government decided to raise the withholding percentage of total revenues of the country up to 25% for the benefit of future generations' fund, with the aim to limit excess spending and current expenses.

The prime concern remains to be the activation of these recommendations and its execution, as there will be no use to entice high level of liquidity which will only push the index upwards temporarily, without looking for a comprehensive and radical treatment for the problems faced by the private sector. The Minister of Finance implied to the possibility of the government's willingness to buy some of the distressed assets based on conditions and according to certain measures, in addition to finding a mechanism for accountability, inquiry and the assuming of responsibility by both parties taking into account the immensity and divergence of the issue at hand.

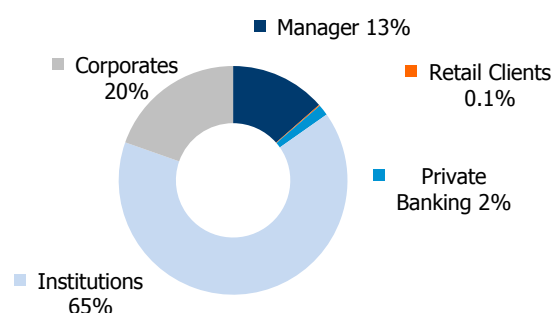
Until those government decrees are activated, the market will wait in anticipation for the 3rd quarter results of the listed companies, which will most likely not be different from the 2nd quarter results.

Fund Style Overview

	Value	Growth
Large Cap	2%	62%
Mid Cap	10%	24%
Small Cap		1%

Fund Management Team

Amani Al-Omani Tel: +965 2224 8288	Ghazi Al Osaimi mid.office@markaz.com
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Fund Shareholders

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