

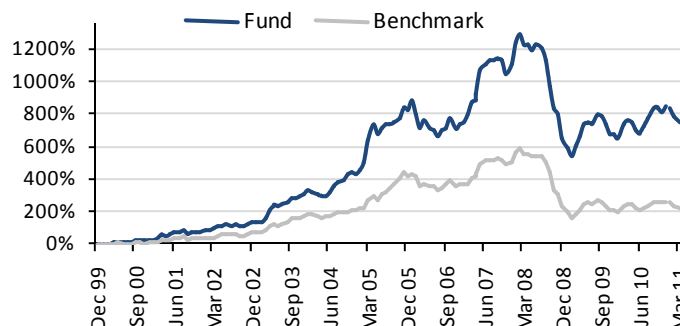
- Winner of five Lipper Fund Awards: 2010, 2008, 2007.
- Winner of Kuwait Equity Fund of the Year Award from MENA FM: 2010.
- "A" Rating from Standard & Poor's: 2009.



**Fund Objective:** To achieve long term capital appreciation through investing in blue-chip companies listed on the KSE.

Fund vs. Benchmark	MUMTAZ KIC Index		
Since inception (CAGR)	%	20.86	10.80
Volatility (SD)	%	14.81	14.94
Sharpe Ratio (RFR = KIBOR + 0.5%)		0.96	0.48
Information Ratio		1.18	-
Beta		0.96	1.00
Ex Post Alpha		10.57	-
Tracking Error (Annualized)		3.67	-
Number of Holdings		37	-
Portfolio Turnover (Annual)		0.36x	-

### Fund price performance



### Fund Performance (Returns %)

Years	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	Index
2000	-1.7	-0.5	2.1	7.2	4.0	-1.4	-0.9	2.7	5.3	-1.0	0.7	0.5	17.9%	3.2%
2001	4.9	10.9	10.0	-0.8	2.3	8.3	3.5	3.3	-8.9	2.2	0.6	3.5	45.8%	29.2%
2002	3.8	-0.8	7.8	5.6	2.6	3.3	-2.5	1.5	-3.9	2.6	5.3	2.4	30.6%	25.0%
2003	2.2	-0.3	11.0	20.8	7.4	-2.0	6.4	2.2	5.8	0.2	3.4	4.9	79.9%	62.5%
2004	4.4	-2.4	-3.9	-0.6	-0.8	5.4	9.6	3.5	4.6	5.5	4.1	-2.2	29.9%	12.6%
2005	4.4	8.6	23.0	11.8	-6.7	4.0	3.3	0.6	0.7	3.9	7.1	-1.2	74.2%	67.3%
2006	5.5	-8.3	-9.1	5.1	-5.6	-2.1	-3.9	4.5	2.1	7.5	-7.4	2.6	-10.5%	-9.0%
2007	1.7	5.6	8.8	4.7	14.6	3.1	2.3	0.7	0.5	-0.5	-7.4	4.9	44.4%	30.4%
2008	11.6	4.0	-4.4	-0.3	-3.0	2.9	-1.5	-5.7	-12.7	-12.7	-4.9	-16.4	-37.8%	-44.8%
2009	-8.0	-6.4	9.6	8.1	10.4	0.8	-0.7	6.6	-1.5	-4.9	-6.9	-1.5	3.1%	-9.3%
2010	-2.5	11.6	2.8	-1.5	-4.9	-2.9	6.1	4.6	7.6	0.5	-3.0	3.7	22.8%	17.4%
2011	-1.0	-5.5	-3.7										-9.8%	-10.6%

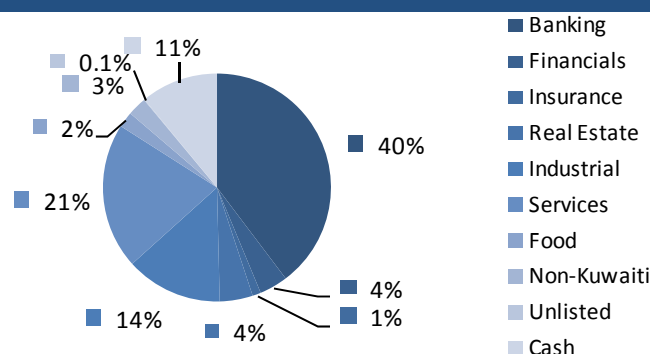
### Key Facts

Net Assets	KD. 67.404 Million
NAV per unit	KD. 4.25327854
Type	Open-ended
Investment Manager	Kuwait Financial Centre
Fund Inception	December 1999
Management Fees	1.50% p.a.
Subscription/Redemption fee	0.25%
Minimum Subscription	100 units
Subscription/Redemption	Weekly
Fund Valuation	Weekly
Custodian	Kuwait Clearing Co
Auditor	Deloitte & Touche
ISIN	KW0EQ0903298
Bloomberg	MUMTAZF KK
Lipper Code	LP65038179
Zawya Code	KFCMUMT.MF

### Top 5 Holdings (56% of NAV)

National Bank of Kuwait
Kuwait Finance House
Zain Telecom
Mabaneer
National Industries Holding Group

### Sector Diversification



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**Market Commentary**

The negative performance of the Kuwait Stock Exchange (KSE) continued during March amidst obvious weakness in trading volumes, with the market index being in red most of the trading days. KIC Index closed the month at 440.59 points, down by 4.8%, bringing the YTD loss to 10.7%. Despite the excessive sensitivity of the Kuwaiti market to political developments, whether regional (the revolutions in Egypt, Tunis and Libya, or the high tension in Yemen, Bahrain and Oman), or local (successive grills of the government, sectarian frictions and political gains attempts), yet there are other factors that deepened the atmosphere of pessimism and worry in KSE that failed to reflect in any manner the strength of the general economy. These factors can be summed up as follows:

**Failure of Zain-Etissalat deal:** This was because Etissalat decided to terminate the deal owing to the inability of the investment groups to secure 46% as a pre-requisite for the acquisition deal, and the wide disagreement among board members of Zain's regarding this issue. Added to this were the complications of selling the stake in Zain-Saudi Arabia despite the three bids submitted by the Bahraini Etissalat, Riyadh Investment Group and Kingdom Holding Group, as well as the high cost of financing. This deal was against the backdrop of the successive political shocks that stormed the region. Moreover, since the executive bye-laws of the Capital Market Authority came into effect on 13<sup>th</sup> March, it would mean that the deal has become subject to the executive procedures.

The mentioned executive bye-laws caused confusion caused for the active investment circles; there was an obvious aversion of any deals on investment blocks due to the ambiguity of the executive procedures. This is because these procedures did not include the peculiar conditions of the local market; what benefits advanced markets from the long experience may not be beneficial for newly established markets. In fact, there are conflicts and overlapping in the responsibilities and powers of the official bodies (Capital Market Authority, Kuwait Stock Exchange, Ministry of Commerce and the Central Bank of Kuwait).

Delaying the announcement of the financial results for 2010 by many companies, pushing the eleventh hour before suspending the trading of those companies' stocks have created the impression that the delay is attributed to disappointing results. Moreover, the deterioration of the local market performance during the Q1 2011 also exacerbated the aversion of buying, as the investors preferred to keep appropriate liquidity levels.

The development projects are still on paper and have not come into reality to fuel the economy and to revive local banks and other related sectors. As a result, the private sector is deprived of the opportunity of benefiting from these projects which execution is on slow motion. In comparison, the largest GCC member states, Saudi Arabia, has started to execute a package of economic projects and multiple reform programs launched.

A new verdict has been passed by an American court against Agility, which strongly hit the efforts of the company to refute the accusations of deceiving the American army in multi-billion dollar projects. The court verdict said that the prosecution was fair in their 2009 indictment of Agility of raising the prices for the American army supplies over 41 months under supply contracts worth of \$ 8.5 billion.

The only positive development amidst this flood of negative news was the establishment by Kuwait Investment Authority (KIA) KD 1 billion real estate portfolio. The management of the first tranche of this portfolio was assigned to Kuwait Finance House with a value of KD 250 million. This provides protection for the banks that financed many real estate companies some of which can hardly service their debts. So, the main objective behind establishing this portfolio is to protect bank debts.

The horizontal path of the market and its tendency to decline is the very likely outlook in the coming period, given the retreating performance of KSE during Q1 2011 amidst a tensioned local and regional political environment. This means that investors would delay any investment decisions until vision becomes clear.

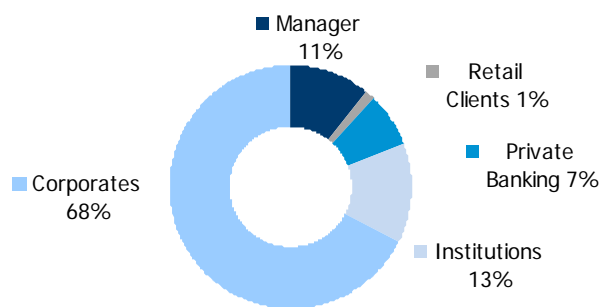
**Fund Style Overview**

	Value	Growth
Large Cap	4%	61%
Mid Cap	6%	25%
Small Cap	1%	3%

**Fund Manager**

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**Fund Shareholders**



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