MUMTAZ

Fund Manager Report
Markaz Fund For Excellent Yields

NAV	KD	4.207
MTD	▼	- 3.1%
YTD	▼	-10.8%

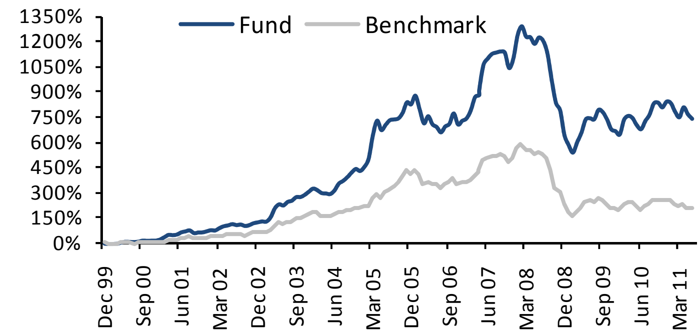
As of June 30, 2011

- 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)*	%	20.25	10.22
Volatility *(SD)*	%	15.96	13.90
Sharpe Ratio *(RFR = KIBOR + 0.5%)*		0.93	0.41
Information Ratio		1.18	-
Beta *1 year*		1.11	1.00
Ex Post Alpha		10.47	-
Tracking Error *1 year*		4.56	
Number of Holdings		33	
Portfolio Turnover *(Annual)*		0.36x	

Fund price performance



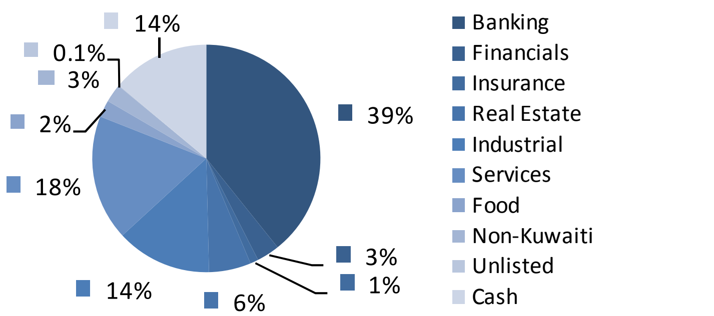
Fund Performance (Returns %)

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	6.9	-4.5	-3.1							-10.8%	-13.7%

Key Facts	
Net Assets	KD. 66.182 Million
NAV per unit	KD. 4.2065517
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
Morning Star SecID	F00000251V

Top 5 Holdings (55% of NAV)
National Bank of Kuwait
Kuwait Finance House
Zain Telecom
Mabanee
Combined Group Contracting

Sector Diversification



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Market Commentary

Extensive and wide sell off transactions occurred in all KSE sectors during June in the midst of unprecedented lower trading values. Many factors have contributed in the deterioration of the situation of the KSE, which can be briefed as follows:

- Effectiveness of the Executive Regulation: Due to the many issues related to the CMA which are difficult to execute such as regulations of the investment funds and the components percentage thereof, in addition to difficulty of establishing new funds, requests to Governmental bodies and organizations that are no longer basic players in the KSE, to prepare daily reports of trades and activities to the Capital Body. This request is deemed impractical and contradicts the vital interests of such organizations. Problems also loom with brokerage and audit firms. The Executive Regulation in its current form, opens the door for new amendments as many appeals and inquiries are expected, not to mention the differences and disputes between the Kuwait Chamber of Commerce and Industry in one hand and the general manager of the Kuwait Stock Exchange in the other. This has affected the investment community's confidence and direction, and thus, their willingness to invest in the local market.
- The resignation of the Cabinet Minister for Economic Development and Housing, the instable political situation in the Country and the absence of a political reference that can achieve political stability, save the Country of political paralysis, lead us for work and achievement and take us away from bickering and trying to make money on the expense of the nation. It is true that any development plan must not be associated with one single figure, but the willingness and seriousness of executing such a plan are not existent and not clear due to lack of comprehensive vision in the minds of the people in both the Government and the National Assembly.
- Moves of Washington-led Western world to withdraw from strategic oil reserve in a rare world coordinated effort between the consuming countries to prevent the oil high prices from comprising the fragile recovery of the world economy. Brent oil has lost almost 6% of its value in the day when the International Energy Agency announced its decision to withdraw 60 million barrels of its reserves in a move aiming to slash oil prices, following the failure of all pressures of oil consuming countries on OPEC to increase production, during the Organization's conference last month when the talks broke down, but Saudi Arabia pledged to increase production enough to fulfill the world growing demand. The main danger here is that Kuwait's economy is a yielding one that depends on a single basic source of revenues (oil exports make 94% of State revenues). At the same time, public expenses are growing in unprecedented and unacceptable size, especially when we take into account that they are current expenses and not capital expenditure, thus any severe slide in oil prices would make things worse.
- The European Debt Crisis (as in Greece), and the US government debt ceiling, affected the goods prices following the Federal Reserve's acknowledgement of the slow of the economic growth without declaring any additional measures to stimulate the economy. The political disagreements between Democrats and Republicans regarding raising the Government debt ceiling has shaken the confidence in the fragile American economy, weakened the dollar and indicates that there are real worries about the Government's ability to fulfill its obligations (The US borrows 40% of its expenditures). This is a source of worry for the private sector and the creditors and led companies to retain their liquidity instead of investing in the local market. This makes increasing countries look to gradually diversify their currencies away from depending on the dollar as a reserve currency and on the American markets as a broker for the investment of the hardly earned savings.

The World Bank expects a world economic growth of 4.5% in 2011-2012 (2.5% in the developed countries and 6.5% in the underdeveloped ones).It is the emerging markets that lead the world economic recovery now, but they do not take into consideration the risks resulted out of economic overheating and imbalance. The growth in the developed countries is not high enough to counter the high levels of unemployment, the heavy burden of debt and the badly affected exchange systems.

And what's next? Banking sector is suffering nowadays because, with the severe retreat of the volume of liquidity, the value of the mortgaged assets of the banks decreased as well, and this requires high volume of allocations.

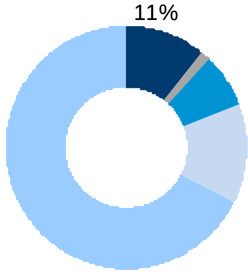
The growth percentage of credit declined almost to zero in the midst of restrictions imposed by the Central Bank on consumer loans in a time when companies' demand on credits is already low due to the absence of feasible strategic projects that such companies may contribute to. This gives a clear picture about the companies' second quarter results that are less than expected.

Resolution requires a remedy of the structural defect of the national economy and that can only be achieved by implementing political and educational reforms and by involving the private sector.

Fund Style Overview

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

Fund Shareholders



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