MUMTAZ

Fund Manager Report
Markaz Fund For Excellent Yields

NAV	KD	3.900
MTD	▼	-2.9%
YTD	▲	1.6%

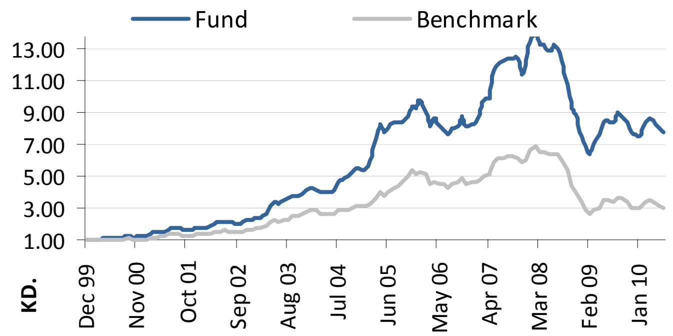
As of June 30, 2010

- 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)*	%	21.49	11.03
Volatility *(SD)*	%	20.67	19.90
Sharpe Ratio *(RFR = KIBOR + 0.5%)*		0.97	0.49
Information Ratio		1.20	-
Beta		0.95	1.00
Ex Post Alpha		11.01	-
Tracking Error *(Annualized)*		8.73	
Number of Holdings		35	
Portfolio Turnover *(Annual)*		0.58x	

Fund price performance



Fund Performance (Returns %)

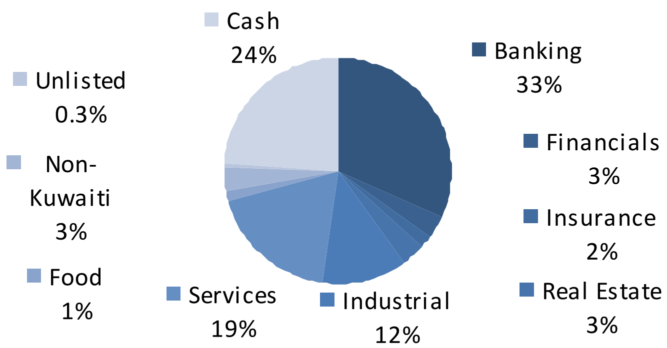
Years	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	Index
2000	-1.7	-0.5	2.1	7.2	4.0	-1.4	-0.9	2.7	5.3	-1.0	0.7	0.5	**17.9%**	**3.2%**
2001	4.9	10.9	10.0	-0.8	2.3	8.3	3.5	3.3	-8.9	2.2	0.6	3.5	**45.8%**	**29.2%**
2002	3.8	-0.8	7.8	5.6	2.6	3.3	-2.5	1.5	-3.9	2.6	5.3	2.4	**30.6%**	**25.0%**
2003	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							**1.6%**	**-0.7%**

Key Facts	
Net Assets	KD. 63.646 Million
NAV per unit	KD. 3.8997979
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	PriceWaterhouse Coopers
ISIN	KW0EQ0903298
Bloomberg	MUMTAZF KK
Lipper Code	LP65038179
Zawya Code	KFCMUMT.MF

Latest factsheet available online at markaz.com/Mumtaz

Top 5 Holdings (46% of NAV)
National Bank of Kuwait
Kuwait Finance House
Zain Telecom
Mabanee
Boubiyan Petrochemical Co.

Sector Diversification



Fund Manager commentary on page 2

Market Commentary

The Kuwait Stock Exchange (KSE) retreated and sustained huge losses during June against the backdrop of investors' abstaining from buying transactions, and amidst liquidity shrinkage to levels that were not reached even during the peak of the global financial crisis two years ago. The troubles of companies in the investment and real estate sectors started to surface, as they were not given due attention during the past two years, which led to the aggravation and deterioration of the companies' conditions. The new regulations issued by the Central Bank of Kuwait represent the main factors that contributed to undermining confidence in the Kuwaiti financial market that is already suffering a fragile structure. The most important of these regulations are those related to liquidity level, leverage to capital ratio and foreign debt to total debts ratio. With the absence of stimulants, initiatives were absent on both short term for the purpose of speculation, and the medium term for the aim of investment and position building. As for the options available for companies' survival and rectification of their conditions, these are not multiple but limited to capital increase, selling some assets or restructuring debts, while taking into account that the demand on subscription to capital increase will be very limited, as investors can buy the relevant shares at market price instead of subscribing to capital increase at subscription price.

The gloominess of this environment was accentuated by the fact that there is no specific authority that adopts a practical plan acceptable to financial companies and institutions and to regulatory authorities, through which to escape this crisis. This case was similar to those in some other countries where the state bought some of the good company assets of to preserve their values and then return them to the respective companies after this crisis elapses, or alternatively bought assets pledged with banks in order to prevent banks from liquidating these assets to collect their debts, which would adversely affect the market performance.

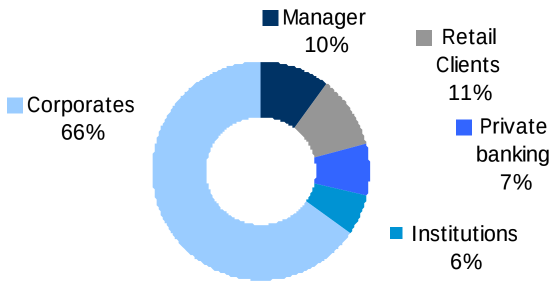
KIC Index ended June and the Q2 down by -0.7% YTD, as its losses in June amounted to 4.5%MTD. The record cash dividend distributions of Zain did not positively reflect on KSE, as they did not find their way into the market, but were placed with banks as deposits or in repayment of obligations towards local banks.

Owing to the ultimate state of affairs during the Q2, forecasts for companies financial results, or a large portion of them, are not encouraging and do not give any hope for the improvement of the financial market performance due to sharp decline in corporate earnings during the quarter. Worry is accentuating due to fears regarding the effects and consequences of sovereign debts in Europe, particularly with the expansion of margin difference between German government bonds and those of Portugal, Italy, Ireland, Greece and Spain, as well as the effects of this on the growth of the global economy and the level of demand on crude oil; especially with China's move of raising the value of the Yuan (even slightly) as a compromise for satisfying foreign governments and in order to not adversely affect its local exports industry, which would face competition with the rise of the Yuan exchange rate. Also, China disclosed, for the first time, the level of government local debt, as the Chinese general controller warned as to the possibility that government local debt levels may derail the Chinese economy, explaining that some Chinese districts may face difficulties greater than those of Greece.

Fund Style Overview

	Value	Growth
Large Cap	5%	70%
Mid Cap	3%	20%
Small Cap	1%	

Fund Shareholders



Fund Manager

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