



THE MACRO STORY - THE BALANCING ACT

Balanced Funds is an assortment of investment instruments such as stocks, money markets and Sukuks etc. that can provide safety and appreciation of capital simultaneously. The proportion in which the balanced mutual funds allocate their assets is usually within the pre set minimum and maximum limits which can be changed to take the advantage of changing market conditions. This kind of fund provides diversity in true sense with portfolio offering benefits of both forms of investments besides reducing your over all cost of owning and managing the investment. Further, this combination helps to negate any fall in the value of the stocks in the financial market.

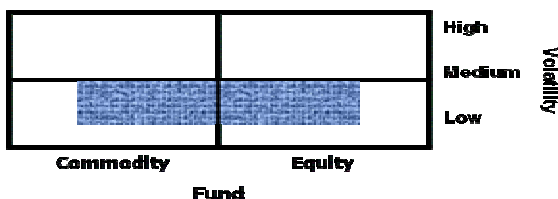
FUND OBJECTIVE

Achieve long term capital appreciation by investing in Al Rajhi Funds for equities and commodities in compliance with Islamic Shariah principles. The fund also provides liquidity to the investors.

INVESTMENT PHILOSOPHY

The asset allocation is the core of investment philosophy with an objective to control risk. It strikes a trades-off between risk and returns by investing in equity funds for capital appreciation and commodity funds for capital preservation . It rebalances portfolio on the basis of market conditions.

INVESTMENT STYLE



The fund of funds category represents an open ended fund with active management following balancing approach by selecting funds of different levels of risk. It invests in Al Rajhi funds with well diversified allocations as set out in their terms & conditions. The companies included in the Al Rajhi Equity funds have strong fundamentals and manifest high growth rate where as concluding trading transactions through commodity funds are safe and profitable.

INVESTMENT STRATEGY

- The fund will invest predominantly in Al Rajhi Funds. The fund adopts a long term approach and employs an active investment strategy.
- The fund focuses on reducing volatility of returns through dynamic allocation by increasing / decreasing exposure to equity funds based on the market outlook. In a bullish market allocation to equity funds can go up, whereas, in a bearish market equity fund allocation can go down.
- Maximum limit of 40% is invested in Al Rajhi commodity funds and the remaining percentage is invested in shares through one or more of Al Rajhi equity funds.
- The fund is optimized by using sophisticated investment techniques by maximizing returns and minimizing risk.

FUND FEATURES

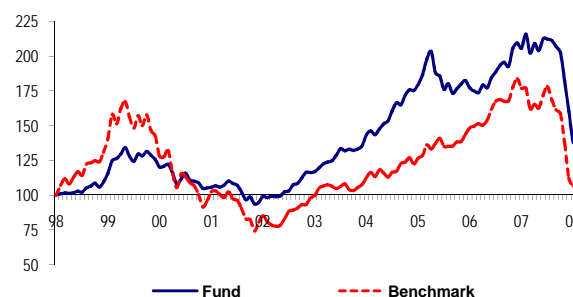
Fund Type	Open Ended Fund of Funds
Inception Date	Nov-1998
Inception Price	US \$ 1
Fund Currency	US Dollars
Benchmark	40% of USD 3M LIBOR & 60% of DJIMT
Subscription Fee	2%
Management Fee	Nil
Performance Fee	Nil
Minimum Subscription	US \$ 2000
Minimum Additional Subscription	US \$ 1000
Minimum Redemption	US \$ 1000
Valuation Frequency & Days	Bi-weekly - Monday & Wednesday
Cut-Off Time & Day	Before 5 PM - Sunday & Tuesday
Announcement & Payment Day	Tuesday & Saturday

INVESTMENT RISK

Mutual Fund investments are subjected to market risk. The value of the units (Net Asset Value) may go up or down due to several factors affecting the capital markets impacting on potential returns. Hence, the investor bears the risk of loss of money by investing in the fund.

However, the investment risk is diversified by deploying assets in equity funds and commodity funds thereby balancing between capital preservation and growth. The fund strikes a reasonable trade-off between risk and return.

PERFORMANCE



INVESTMENT APPROACH



BENCHMARK

The performance of the fund was measured against the benchmark constituted with 40% weightage of USD 3M LIBOR & 60% weightage of Dow Jones Islamic Market Index.

FUND MANAGER

Al Rajhi Capital is the Fund Manager of the fund.

LATEST AWARDS

Awardee	Year	Category	Rank
IPC Award	2007	1 - Year	1st
IPC Award	2007	3 - Year	2nd
IPC Award	2005	1 - Year	1st

FUND CONSTRUCTION PROCESS



INFORMATION

Al Rajhi Capital: www.alrajhi-capital.com
Tadawul: www.tadawul.com.sa

Databases	Website	Tickers
Bloomberg	www.bloomberg.com	
Thomson Reuters	www.lipperweb.com	LP65037798
Zawya	www.zawya.com	RAJBAL2.MF
Failaka	www.failaka.com	
EurekaHedge	www.eurekaHedge.com	
Standard & Poors	www.funds-sp.com	