



**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.

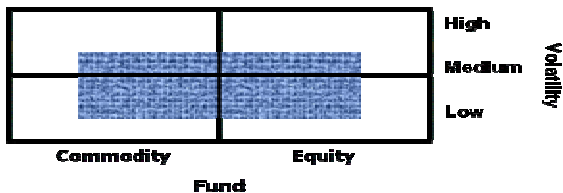
**FUND OBJECTIVE**

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.
- A minimum of 25% in commodity funds and up to 75% of assets in equity funds subjected to the limitation that the subscription percentage in any fund does not exceed 10% of the net assets of that fund.
- The fund is optimized by using sophisticated investment techniques by maximizing returns and minimizing risk.

**FUND FEATURES**

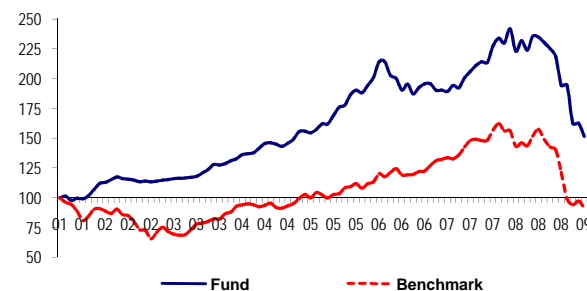
Fund Type	Open Ended Fund of Funds
Inception Date	May-2001
Inception Price	US \$ 100
Fund Currency	US Dollars
Benchmark	25% of USD3M LIBOR & 75% of DJIMT
Subscription Fee	2%
Management Fee	Nil
Performance Fee	Nil
Minimum Subscription	US \$ 2000
Minimum Additional Subscription	US \$ 1000
Minimum Redemption	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 25% weightage of USD 3M LIBOR & 75% 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	3rd
IPC Award	2007	3 Year	1st
IPC Award	2007	5 Year	1st

**FUND CONSTRUCTION PROCESS**



**INFORMATION**

Al Rajhi Capital: [www.alrajhi-capital.com](http://www.alrajhi-capital.com)  
Tadawul: [www.tadawul.com.sa](http://www.tadawul.com.sa)

Databases	Website	Tickers
Bloomberg	<a href="http://www.bloomberg.com">www.bloomberg.com</a>	ALJWHRA AB
Thomson Reuters	<a href="http://www.lipperweb.com">www.lipperweb.com</a>	LP65037804
Zawya	<a href="http://www.zawya.com">www.zawya.com</a>	RAJLADI.MF
Failaka	<a href="http://www.failaka.com">www.failaka.com</a>	
Eurekahedge	<a href="http://www.eurekahedge.com">www.eurekahedge.com</a>	
Standard & Poors	<a href="http://www.funds-sp.com">www.funds-sp.com</a>	