



THE MACRO STORY - POTENTIAL OF GLOBAL SMALL CAP COMPANIES

Most companies, including global giants had humble beginnings as relatively unknown small-cap companies. These companies are often able to increase their profits at a faster clip than larger firms. While larger companies are usually followed closely by equity research analysts, small companies typically have modest analyst coverage and it is more common for small-cap stocks to be inefficiently priced, or not reflective of the underlying firms' intrinsic values and so available at attractive valuations. Therefore, small-cap stocks have the potential to deliver greater capital appreciation.

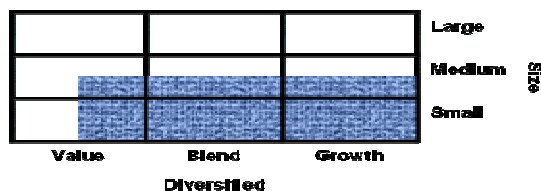
FUND OBJECTIVE

Achieve long term capital appreciation by investing in Shariah compliant shares of the small-sized companies across the world. The fund also provides liquidity to the investors.

INVESTMENT PHILOSOPHY

The fund follows fundamental-based stock selection process with disciplined portfolio construction leading to strong equity returns with below-market volatility over long term horizon. The fund selects attractive valued, small-cap companies with consistent and accelerating revenue and earning growth.

INVESTMENT STYLE



The fund is actively managed with a disciplined stockpicking within the scope of universe defined by Shariah constraints. The style mainly focuses on capital growth and blend stocks with the large to medium market capitalization using top-down / bottom-up as appropriate to given market conditions. The investment ideas are based on fundamental analysis and timing of trade execution on the basis of technicals. The diversification plays major role in minimising risk and maximizing returns.

INVESTMENT STRATEGY

- The fund invests predominantly in Shariah compliant equities of small sized companies listed and traded on major stock exchanges across the world with a long term horizon.
- The asset allocation is determined by general market conditions with well diversified sector allocation. The fund selects stocks with good management and small capital. They have greater potential of success & manifest higher growth with rapid appreciation in their market values.
- The investment would primarily be focused in mostly in USA and could be diversified in to Western Europe and other Asian countries.
- The fund is optimized by using sophisticated investment techniques by maximizing returns and minimizing risk while measuring the performance against the benchmark index.

FUND FEATURES

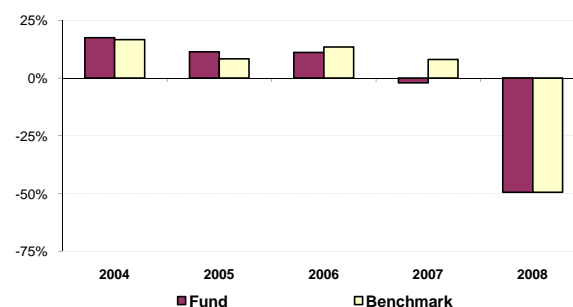
Fund Type	Open Ended Equity Fund
Inception Date	Jun-1999
Inception Price	US \$ 100 Per Unit
Fund Currency	US Dollars
Benchmark	S&P Small Cap Shariah Index
Subscription Fee	2%
Management Fee	1.5% Annually
Performance Fee	Nil
Minimum Subscription	US \$ 2,000
Minimum Additional Subscription	US \$ 1000
Minimum Redemption	US \$ 1000
Valuation Frequency & Days	Bi Weekly - Monday & Wednesday
Cut-Off Time & Day	Before 5 PM - Sunday to 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 in the fund.

However, the investment risk is reduced by diversification of investment across different sectors and companies, reducing tracking error and applying sophisticated techniques after risk into alpha and beta thereof. The fund strikes trade-off between risk and return deemed reasonable under the given market conditions.

PERFORMANCE



FUND CONSTRUCTION PROCESS



BENCHMARK

Until Jan 2007, the performance of the fund was measured against the benchmark of Russel 2000 Small Cap Index and since then S&P World Small Cap Shariah Index which is composed of all Shariah compliant stocks listed across the world.

FUND MANAGER

Al Rajhi Capital is the Fund Manager and Lazard Asset Management is the investment advisor to the fund.

LATEST AWARDS

Awardee	Year	Category	Rank
IPC Award			
Lipper			

STOCK SELECTION 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	LP65037802
Zawya	www.zawya.com	
Failaka	www.failaka.com	
EurekaHedge	www.eurekaHedge.com	
Standard & Pnors	www.funds-sp.com	