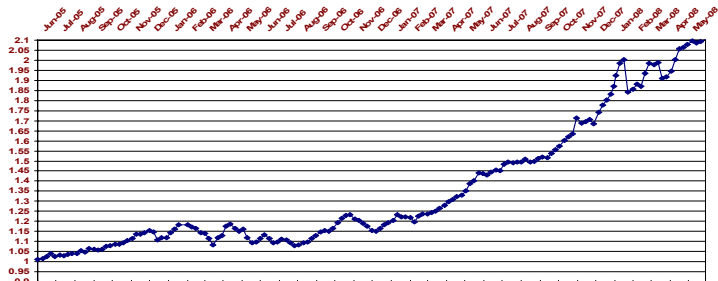




FUND OBJECTIVE

The primary objective of the Fund is to maximize the risk-adjusted return, as measured by the Sharpe Ratio. It follows a flexible asset allocation policy with investments spread across a diversified range of investment options including alternative investments.

PERFORMANCE – NAV*



* Adjusted for Dividend

COMMENT

In the month of May 2008, the stock markets were mixed with MSCI GCC Index down by 4%. As compared to this fall the fund has given a positive return of 1.24%. For the year to date, the fund is up 12.5% as compared to a fall of 8.7% in MSCI GCC Index. The fund continues to outperform the markets with regards to both volatility and Sharpe Ratio.

The stock markets in Saudi and Kuwait were major losers and were down by 6.33% and 3.6% respectively. MSCI UAE was also down marginally. Qatar and Oman were the star performers again this month.

With the crude prices touching US\$ 135 and trading above US\$ 125, the markets are expected to be firm with increased liquidity in the market. The geopolitical situation is improving with the crisis in Lebanon being taken care of. We expect the market to do well though with volatility.

	Sharpe Ratio	Std. Dev.	Returns since 2/06/05	Returns YTD	May' 08 Returns
VEGF	1.76	11.56%	107.78%	12.48%	1.24%
MSCI GCC	-0.11	26.60%	-5.00%	-8.73%	-4.00%
MSCI GCC Ex Saudi	0.23	18.28%	24.51%	2.03%	-0.90%
MSCI Kuwait	0.59	19.90%	54.35%	-0.32%	-3.59%
MSCI Oman	0.63	18.61%	55.50%	23.09%	3.92%
MSM 30	1.64	15.27%	136.15%	27.88%	3.07%
MSCI Qatar	0.33	27.16%	34.97%	26.92%	5.20%
MSCI UAE	-0.10	31.75%	-9.54%	-5.85%	-0.20%
MSCI Bahrain	-0.07	18.41%	5.70%	11.21%	2.45%
MSCI Saudi	-0.17	40.09%	-26.73%	-15.74%	-6.33%

Returns calculated from June 2, 2005 – the first NAV date of the fund. All MSCI Indices taken are for GCC investors with the exception of Oman.

ASSET BREAK UP

Listed Equities	94.43%
Unlisted Equities	0.45%
Cash & Cash Eq	5.12%

** Provisional

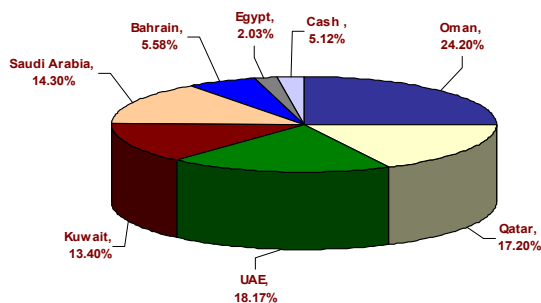
**NAV: 1.141 (Ex Dividend)

** Adjusted NAV: 2.103

(adjusted for dividends assuming dividends are reinvested)

Fund Type	Open Ended
Listing	Listed on MSM (Symbol VGF1)
Reuters Symbol	VGF.OM
Global Custodian & Administrator	Gulf Clearing Company, Kuwait
Auditors	PricewaterhouseCoopers
Date of Inception	May 19, 2005
Returns	107.78% (since June 2, 2005 including the dividend payout)
YTD Returns	12.48%
Annualized Sharpe Ratio	1.76
Annualized Standard Deviation	11.69% (since inception)
Highest Monthly Return	10.93% (December 2007)
Least Monthly Return	-6.37% (Nov 2006)
Dividend paid for 2005	8.00%
Dividend paid for 2006	8.00%
Bonus Paid for 2007	60%

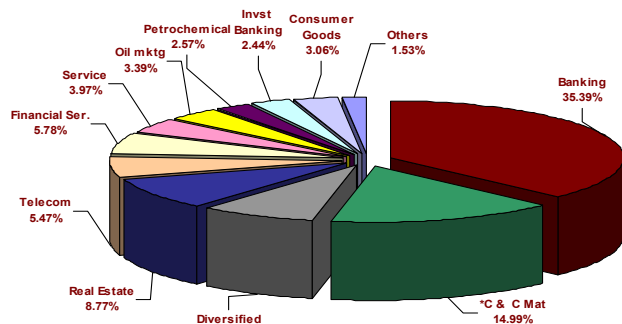
COUNTRYWISE ALLOCATION



TOP 5 HOLDINGS

Scrip	Country	% Exposure
Arab Tec	UAE	4.76%
Galfar Engineering	Oman	3.67%
Qatar Islamic Bank	Qatar	3.06%
Industries Qatar	Qatar	2.87%
Renaissance Services	Oman	2.85%

SECTOR HOLDINGS



* Construction & Construction Materials