

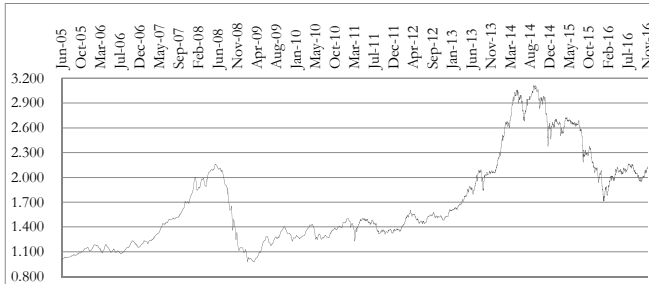


**Fund Objective**

The primary objective of Vision Emerging GCC Fund (VEGF) is to maximize the risk adjusted returns, as measured by Sharpe Ratio. It follows a flexible asset allocation policy with investments spread across a diversified range of investment options including alternative investments.

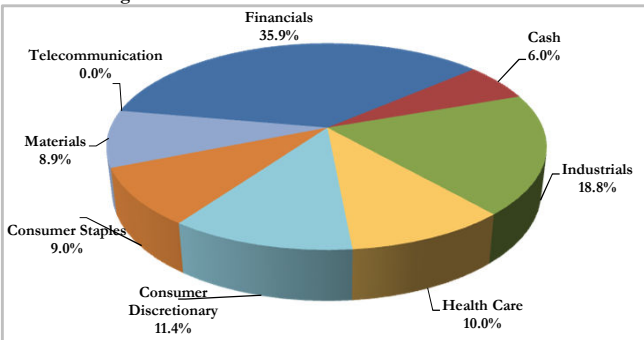
**NAV: RO. 1.096 { 2.85 USD }**

**Performance Chart\***



(\* Adjusted for dividends, assuming dividends are reinvested)

**Sector Holding**

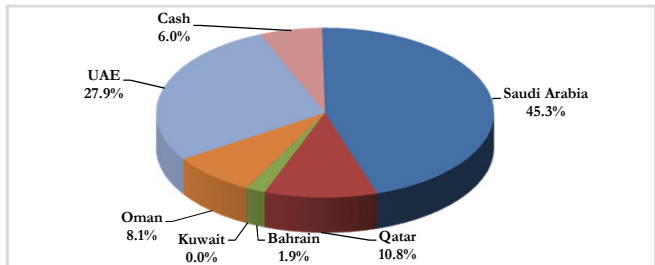


Note : Financials constitute Real Estate companies as per GICS classification

**Fund Information**

Fund type	Open Ended
Lipper ID	65044199
Bloomberg ID	VSEMGCC OM
Global Custodian	National Bank Of Oman
Administrator	Vision Investment Services Co. SAOC
Auditors	PricewaterhouseCoopers
Date of Inception	May 19, 2005
YTD Returns	8.57%
Annualized Sharpe Ratio	0.22
Annualized Standard Deviation	16.79%
Highest Monthly Return	12.80% (July 2013)
Least Monthly Return	-24.75% (October 2008)
Dividends Paid For 2013	10.00%
Dividends Paid For 2014	5.00%
Bonus Paid For 2007	60.00%

**Countrywise Allocation**



	Sharpe Ratio	Standard Deviation	Returns since 2-Jun-05	Returns YTD 2016	Dec 2016 Returns
VEGF	0.22	16.79%	125.31%	8.57%	5.71%
S & P GCC	-0.31	19.57%	-38.98%	4.18%	4.16%
S & P KWT	-0.31	19.42%	-39.07%	-1.92%	3.23%
S & P Oman	-0.07	18.03%	18.64%	5.99%	6.09%
S & P Qatar	0.00	22.99%	22.43%	2.53%	7.14%
S & P UAE	-0.12	28.25%	-35.08%	9.27%	4.83%
S & P Bahrain	-0.41	14.46%	-28.82%	18.30%	6.45%
S & P Saudi	-0.20	25.81%	-43.82%	4.00%	3.22%

**Top 5 Holdings**

Script	Country	% Exposure
Al Tassar	Saudi Arabia	7.71%
YANSAB	Saudi Arabia	5.39%
Emaar Properties	UAE	5.33%
Bank Muscat	Oman	5.26%
Air Arabia	UAE	4.73%

**Fund Performance\***

1 Year	3 Years	5 Years	Since Inception
8.57%	0.07%	64.11%	125.31%

(\* Adjusted for dividends, assuming dividends are reinvested)

**Manager Report**

During December the Fed increased its key interest rate by 0.25% for first time in 2016. Fed indicated its confidence in the improving US economy. The euphoria of the US election results helped most of the US major stock markets to climb to 52-week high during December. The US dollar surged after the US central bank raised the interest rates and it signaled further rate hikes for 2017. Bank of Japan maintained the negative 0.1 percent interest rate imposed on banks, left the 10-year Japanese government bond (JGB) yield target at around zero, and kept annual rises in JGB holdings at 80 trillion yen. Investor sentiments in the GCC improved during the last month of the year primarily aided by OPEC's decision to cut the oil production which helped in improving the oil prices. Budgets announced by various GCC governments pointed to diversification efforts. Most of the Gulf countries also raised interest rates after US Fed decision. All markets in GCC closed in positive territory during December. Dubai stock market ended the year as the best performing market. On YTD basis, the market gained 12.1% while for the month the market registered a return of 5.1%. All the sectors closed in positive territory during the month with exception to consumer staples sector. Telecommunication sector gained the most during the month, up 8.2%. Banks and Real Estate sectors registered 4.65%MTD and 6.35%MTD. During December Dubai approved AED 47.3bn budget for 2017. The total budget allocation for 2017 is up by AED 1.2bn or 2.6 per cent compared to previous budget. The infrastructure spending is up by 27 per cent compared with 2016. ADX registered a return of 5.6% for the year. For the month, market gained 5.5%. All sectors except Energy sector closed in positive territory during the month. Banks and Real Estate sectors registered 8.3%MTD and 5.4%MTD, respectively. According to Abu Dhabi stock market's chief executive, it plans to introduce covered short-selling in 1Q17, in order to boost liquidity and attract more foreign investors. TASI continued its consecutive gain for third month in a row. The market gained 3% during the month to register a return 4.3% for the year. Saudi market recovered after September 2016, where at that point of time the market was down 18.6%. Except Telecom sector, all other sectors closed in positive territory during the month. Energy & Utilities (16.3%MTD) gained most for the month. Tadawul is planning to reclassify its current market sectors to match global standards by adopting GICS by January 2017. Based on reports, Saudi Arabia plans to borrow between USD 10 to 15bn from international markets and SAR 70bn from the domestic market in 2017. Saudi announced SAR 198bn deficit budget for 2017. Revenues are expected at SAR 692bn in 2017 while spending at SAR 890bn against SAR 840bn projected for 2016. Qatar stock exchange gained 6.6% during the month to close the year at 0.1%. All the sectors closed in positive territory except Insurance sector. Telecommunication and Industrial sectors gained most during the month, up 8.95%MTD and 8.37%MTD, respectively. According to reports, Qatar expects its economy to grow 3.4% in 2017 and plans investment up to QR46bn in major infrastructure projects as part of strategy to achieve sustainable development and economic diversification. Qatar announced budget deficit of QAR28.3bn in 2017. Revenues are estimated at QAR 170.1bn while expenditure at QAR 198.4bn. The shortfall in revenues are expected to be covered by local and international debt issues. Compared to the previous budget, Revenues are up by 9% while expenditures are down by 2%. Other markets MSM, BSE and KSE registered 7%YTD, 0.4%YTD and 2.4%YTD, respectively. Brent oil increased by 52.4%YTD to USD 56.82/bbl while Gold prices increased by 8.1%YTD. The fund registered a return of 8.57% YTD, despite the year being challenging on the back of headwinds from declining oil prices and constrained economic environment. The fund followed the approach of investing into fundamentally strong companies in order to avoid volatility. The fund continued to outperform comparable benchmarks like S&P GCC (4.18% YTD). We are of the view that the budgets announced by various governments support ongoing projects that are being undertaken. We expect the markets to be cautiously optimistic. We are of the opinion that the region provides opportunity for picking value stocks. The fund to remain invested in fundamentally strong companies.