

NAV: 7.59

Fund Size: USD 70.28 mn

## Investment Objective & Strategy.

- The objective of the Fund is primarily to achieve medium to long-term capital appreciation through investing primarily in listed securities issued in the GCC countries in accordance with the Sharia'a Investment Guidelines. The Fund may also invest in shares on non-listed Sharia'a compliant companies up to 10% of its Net Asset Value

## Management comment

- The NAV of the Al Basha'er fund closed at \$7.59, an increase of 2.81% compared to the previous month.
- Year to date, Al Basha'er is up 5.25% overperforming the benchmark which is up 5.19%.

## Performance as of 31/12/2010

|                 | Al Basha'er | Benchmark |
|-----------------|-------------|-----------|
| 1 Month         | 2.81%       | 3.57%     |
| YTD             | 5.25%       | 5.19%     |
| Since Inception | -24.05%     | -60.25%   |

## Portfolio Analysis

|                  |            |
|------------------|------------|
| Avg PE           | 13.54      |
| Avg Yield        | 5.62%      |
| Avg Mkt Cap      | \$17.19 BL |
| Avg Traded Value | \$21.41MN  |

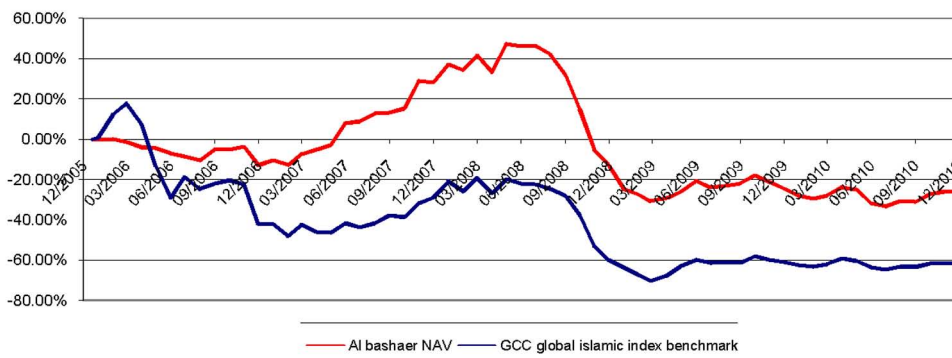


## Awards: Lipper Fund Awards

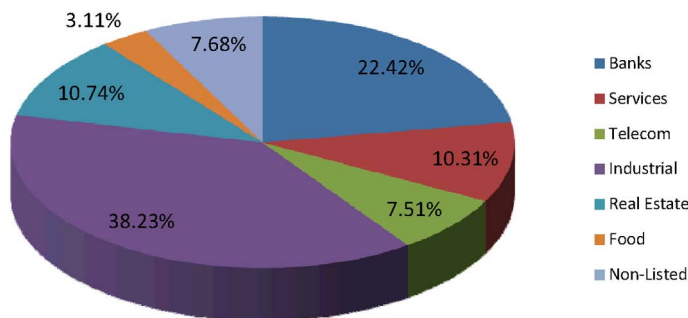
Al Basha'er GCC Equity Fund won the 'Lipper Fund Award' in 2006, 2008 & 2009 by topping the following category: Sharia'a compliant GCC Equity Fund

## Cumulative performance

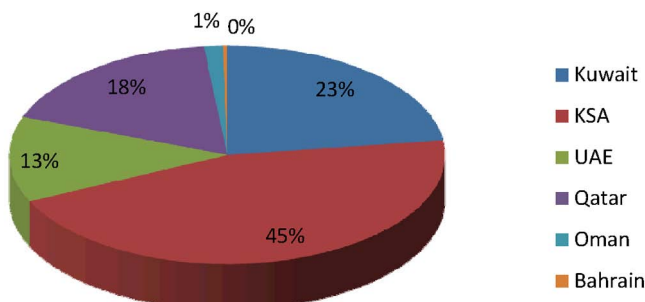
Al Basha'er Vs. Global Islamic GCC Index ( Since Inception)



## Sector Breakdown



## Geographic Breakdown



## Fund Managers

Kuwait Finance & Investment Co.  
Gulf Finance House

## Benchmark

Global GCC Islamic Index

## No. of Holdings

42

## Fund Details

|                           |                                      |
|---------------------------|--------------------------------------|
| Fund Sponsors:            | KFIC, GFH & QIB                      |
| Placement Agents:         | KFIC, KHCB, QIB, Gulf Bank, ADCB     |
| Inception Price:          | USD 10                               |
| Inception Date:           | Dec 19th 2005                        |
| Jurisdiction:             | Bahrain                              |
| Currency:                 | USD                                  |
| Subscription /Redemption: | Monthly                              |
| Min Subscription:         | USD 10,000                           |
| Custodian:                | Gulf Clearing Company                |
| Legal Advisor:            | Haya Rashed Al-Khalifa Law Firm      |
| Auditors:                 | Ernst & Young, Bahrain               |
| Management Fee:           | 2.25% per annum                      |
| Performance Fee:          | 10% of the profits above hurdle rate |
| Subscription Fee:         | Up to 3% of the subscription amount  |

## Portfolio's main holdings

| Company          | Country | Sector     |
|------------------|---------|------------|
| Al- Rajhi Bank   | KSA     | Banking    |
| SABIC            | KSA     | Industrial |
| IQCD             | Qatar   | Industrial |
| Bayan Holding Co | Kuwait  | Investment |
| QIBK             | Qatar   | Banking    |

## GCC Market Review

Al Bashaer Fund's NAV gained around 2.81% on a MoM basis to reach USD 7.59. The KSE two indexes closed this month making profits where the price index rose 0.94% compared to November to settle at 6,955.50 points, while the total losses from the beginning of the year went to 0.71%. The weighted index has made good performance as it closed at 484.17 realizing a monthly gain of 3.79% and a YTD gains of 25.51%.

GCC markets recorded monthly gains, except UAE and Bahrain markets, where Dubai Financial market dropped down by 2.30% and the Bahrain and Abu Dhabi markets declined 0.40% compared to November. In terms of most increased markets, Qatar took the first place which closed up 6.63% setting at 8,681.65 followed by the Saudi market achieving 4.78% to close at 6,620.75 points.

GCC markets in 2010 depended on trading in operational stocks boosting their share price and liquidity so we expect 2011 to carry a positive performance but will remain selective with extreme caution in trading.

### Kuwait

- KFH has paid an early batch worth \$ 250 mn that should have been paid in March, as part of a Murabaha finance deal worth \$ 850 mn.
- Zain will appeal an earlier Kuwaiti court decision rejecting its lawsuit to stop the due diligence process for the sale of a 46% stake in Zain to the UAE's Etisalat.
- T.G.I. Friday's, the casual dining, and Kuwait Food Co. have renewed the development agreement to build 30 T. G. I. Friday's restaurants over the next five years in the Middle East.
- Aref Investment Group a unit of Kuwait Finance House has secured the agreement of all creditors, including Kuwait International Bank.

### UAE

- ADIB and Higher Colleges of Technology signed a memorandum of understanding to create the region's first Institute of Islamic Economics and Ethics.
- Aramex has made a series of acquisitions and partnerships in Turkey and Asia, as part of its strategy to strengthen its presence in emerging markets.
- Zain will appeal an earlier Kuwaiti court decision rejecting its lawsuit to stop the due diligence process for the sale of a 46% stake in Zain to the UAE's Etisalat.
- Emaar announced that a court case against it by Jadawel International Co. for AED1.4 bn has been dropped by the claimant following a settlement.

### KSA

- SIPCHEM announced that its unit International Polymers Co. has awarded the engineering design, procurement and construction deal for its ethylene vinyl acetate and polyethylene project to South Korea's GS Engineering and Construction Co.
- SABIC may seek intervention from the World Trade Organization in the dispute over the new duties imposed by India on the Saudi companies' exports of polypropylene.
- Saudi Arabian Mining Co. in two joint ventures with Alcoa Inc. signed financing contracts worth \$2.1 bn with the Public Investment Fund.
- National Petrochemical Industrialization Co. is seeking financing to the tune of \$1.5 bn to \$2 bn for an acrylic acid plant it plans to build at Jubail.

### Qatar

- Barwa and Qatari Diar Research Institute & King Fahad University of Petroleum and Minerals of Saudi Arabia have reached an agreement to introduce to the university curriculum environmental studies implementing the Qatar Sustainability Assessment System.
- Barwa and Gazprombank OJSC jointly announced the first closing of the Shariah compliant Barwa Gazprombank Russia Real Estate Fund.
- Trading hours in Qatar Exchange will be extended to bring it closer in line with most other Persian Gulf stock markets.

## Market Digest

| Country               | Percentage Change |                   |         | P/E   | P/B  | Market Cap (USD billion) | Average Daily Traded Value (USD mn) |
|-----------------------|-------------------|-------------------|---------|-------|------|--------------------------|-------------------------------------|
|                       | 2009 (%)          | Current Month (%) | YTD (%) |       |      |                          |                                     |
| KSA - Tadawul         | 28.04             | 4.78              | 7.66    | 15.84 | 2.11 | 360.75                   | 830.17                              |
| Kuwait - KSE          | -9.99             | 0.94              | -0.71   | 20.14 | 1.69 | 130.59                   | 116.88                              |
| Abu Dhabi - ADSEM     | 14.79             | -0.37             | -0.86   | 9.96  | 1.16 | 78.53                    | 28.81                               |
| Dubai - DFM           | 10.22             | -2.30             | -9.60   | 11.64 | 0.83 | 53.50                    | 36.63                               |
| Qatar - DSM           | 1.06              | 6.63              | 24.75   | 12.56 | 2.34 | 127.02                   | 800.50                              |
| Bahrain - Share Index | -19.17            | -0.40             | -1.78   | 11.70 | 1.13 | 24.13                    | 1.30                                |
| Oman - MSM            | 17.05             | 2.47              | 6.06    | 12.83 | 1.85 | 20.54                    | 14.73                               |



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