

NAV: 7.216

Fund Size: USD 73.77 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 7.22, a decrease of 4.73% compared to the previous month.
- Year to date, Al Basha'er is down 4.43%, underperforming the benchmark which is up 3.30%.

## Performance as of 31/12/09

	Al Basha'er	Benchmark
1 Month	-4.73%	-3.46%
YTD	-4.43%	3.30%
Since Inception	-27.84%	-62.22%

## Portfolio Analysis

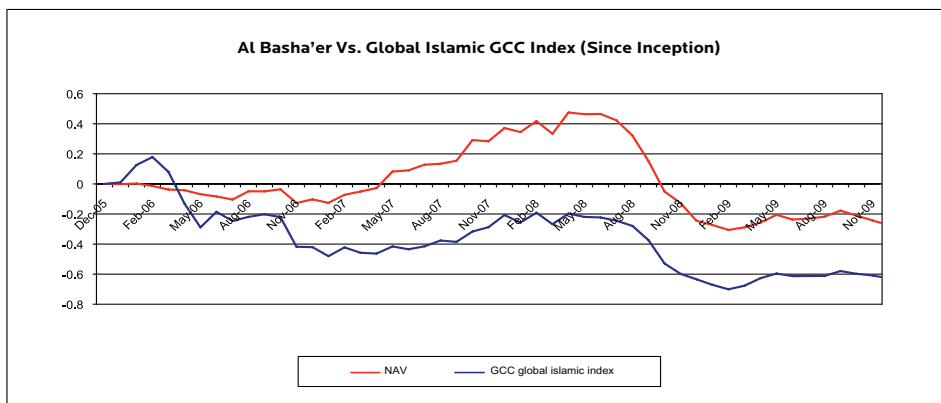
Avg PE	18.36
Avg Yield	3.76%
Avg Mkt Cap	\$ 15.93 BL
Avg Traded Value	36.17 MN



### Awards: Lipper Fund Awards

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

## Cumulative performance

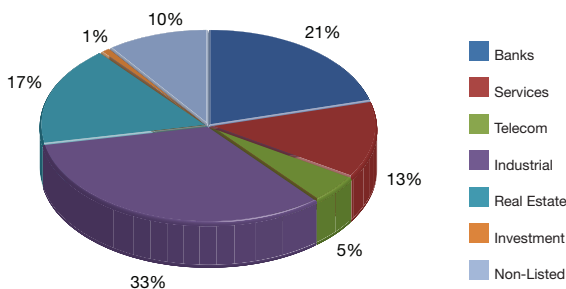


**Fund Managers**  
Kuwait Finance & Investment Co.  
Gulf Finance House

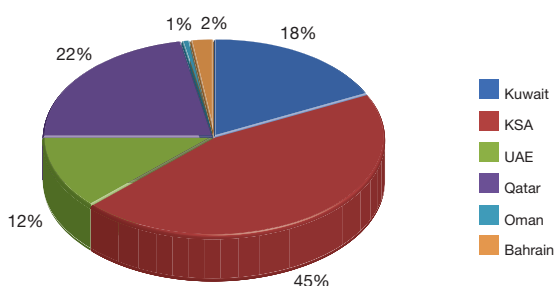
**Benchmark**  
Global GCC Islamic Index

**No. of Holdings**  
41

## Sector Breakdown



## Geographic Breakdown



## 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
SABIC	KSA	Industrial
Al- Rajhi Bank	KSA	Banking
BHC	Kuwait	Real Estate
QGTS	Qatar	Industrial
QIBK	Qatar	Banking

## GCC Market Review

Taking a closer look at the performance of the GCC markets in December, we see that five markets have decreased while two markets have increased. The Kuwaiti market has witnessed an increase of 1.03% closing at 7,005.30 compared to last month due to the positive news on Zain's selling negotiations. Kuwait was topped by Bahrain which rose by 1.08%. Meanwhile Dubai faced the biggest decline, falling 13.83%, followed by Abu Dhabi which lost 5.73%. Both markets were negatively influenced by Dubai World and its ability to cover its financial obligations. However, the UAE markets recovered some lost ground in the second half of the month when Dubai received \$10 billion from Abu Dhabi to pay part of the debt. Meanwhile, Doha decreased 3.26%, KSA shrunk 3.24% and finally Muscat declined the least with a fall of 0.27%.

### Kuwait

- Bank of Kuwait and Middle East received the final central bank approval to become an Islamic lender, making it the fifth bank in Kuwait to comply to Islamic Sharia law.
- KFH eyes \$400 mn investment projects in Turkey and neighboring countries, KFH also signed a direct residential real estate investment deal in the U.S. city of Chicago worth \$242 mn.
- The Investment Dar had received the approval from creditors for a five-year plan to restructure about \$3.5 bn of debt.
- GFH may start commercial banking next year in an effort to shift away from real estate investment.

### UAE

- Emcredit signed an agreement with the Abu Dhabi Islamic Bank to provide credit information services in supporting the bank's financing activities.
- Etisalat raised its investment in its Indian joint venture to a majority stake by buying 5.27% to be 50.27%, and is reportedly close to acquiring an Iraqi operator.
- Etisalat is eyeing telecom licenses in Syria and Lebanon in line with its strategy to expand business through overseas acquisitions.
- Abu Dhabi pumped \$10 bn into Dubai's financial support fund by buying its bonds. Part of the money is being used to pay off creditors of a \$3.52 bn Islamic bond issued by Dubai World's real estate unit Nakheel.

### KSA

- Mohammed Al-Mojil Group entered Abu Dhabi part of its expansion plan by opening its branch after acquiring official license and permit from UAE authorities.
- SABIC received approval to issue \$2.67 bn in bonds to the government's Public Investment Fund.
- Saudi Cable Co. won an \$13.3 mn contract to supply and install 230 kilovolt underground cables in a neighboring country.
- Saudi Electricity Co. plans to spend SAR2 bn in the first phase of a \$1.4 bn electricity grid that will eventually connect six Arab Gulf states.

### Qatar

- Italy's Assicurazioni Generali SpA signed a preliminary agreement with Qatar Islamic Bank and a subsidiary to look into forming a joint venture in the Takaful insurance sector.
- Qatar's United Development Co. plans to increase its capital and issue convertible bonds.
- Qatar Investment Authority has taken a second 5% stake in listed banks in a bid to support the sector.

## Market Digest

Country	Percentage Change			P/E	P/B	Market Cap (USD billion)	Average Daily Traded Value (USD mn)
	2008 (%)	Current Month (%)	YTD (%)				
KSA - Tadawul	-57.02	-3.24	28.04	17.19	2.01	319.69	730.82
Kuwait - KSE	-38.03	1.03	-9.99	13.51	1.32	93.78	191.41
Abu Dhabi - AD5M	-47.83	-5.73	14.79	9.39	1.15	72.06	55.71
Dubai - DFM	-72.42	-13.83	10.22	10.10	9.20	38.53	158.17
Qatar - DSM	-28.12	-3.26	1.06	12.80	2.05	87.75	415.21
Bahrain - Share Index	-34.52	1.08	-19.17	8.94	1.09	16.80	2.57
Oman - MSM	-39.78	-0.27	17.05	5.10	1.75	17.48	15.29



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