

NAV: 14.66

Fund Size: USD 224.60 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 June 2008 NAV of Al Basha'er was 14.66, an increase of 0.12% on the previous month.
- The Global Islamic Index fell by 0.43% during the month.
- Al Basha'er is up 6.84% year to date - again outperforming the benchmark - which has fallen 2.02% year to date.

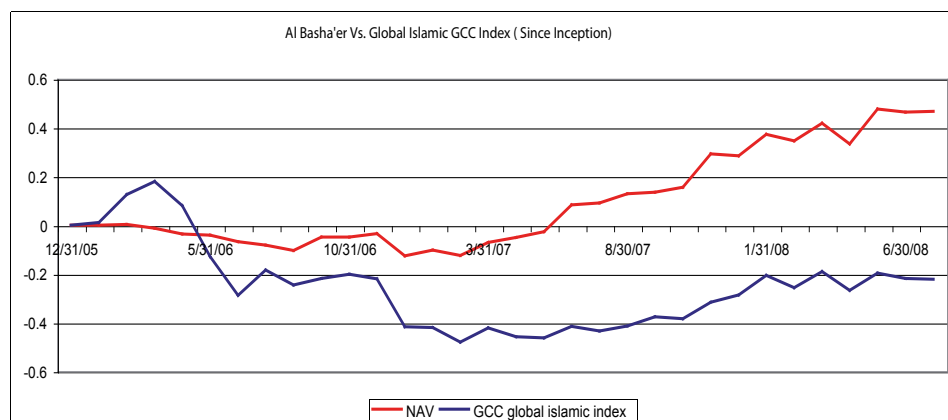
## Performance as at 30/06/08

	Al Basha'er	Benchmark
1 month	0.12%	-0.43%
year to date	6.84%	-2.02%
Since inception	46.56%	-22.28%

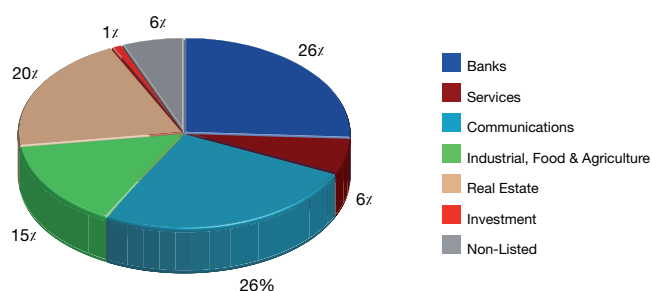
## Portfolio Analysis

Avg P/E	14.38
Avg Div Yield	2.14%
Avg Mkt Cap Per Stock	\$21.72BL
Average Daily Traded Value	\$41.35MM

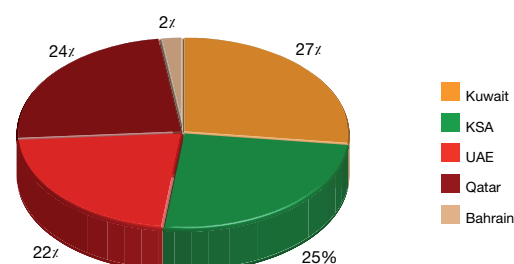
## Cumulative performance



## Sector Breakdown



## Geographic Breakdown



## Awards: Lipper Fund Awards

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

## Fund Managers

Kuwait Finance & Investment Co.  
Gulf Finance House

## Portfolio Managers

Faisal Al-Osaimi  
Alan Durrant  
Abdulwahab Al-Marzoq

## Benchmark

Global GCC Islamic Index

## No. of Holdings

28

## Fund Details

Fund Sponsors:	KFIC, GFH & QIB
Placement Agents:	KFIC, GFH, QIB, Gulf Bank
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
Etisalat	UAE	Telecom
Kuwait Finance House	Kuwait	Banking
Al-Dar Properties	UAE	Finance & Real Estate
Saudi Basic Industries Corp. (SABIC)	KSA	Industrial
Al-Rayan Bank	Qatar	Banking

## GCC Market Review

GCC equity markets generally experienced a profit taking month and all the GCC equity markets except the Kuwaiti stock market, concluded the month with negative returns. Dubai stock exchange was the top loser among GCC equity markets, down 8.2% ytd in 2008 and by as much as 4.14% in June itself. Saudi Arabia's Tadawul index has lost 16.3% ytd in 2008. Kuwait on the other hand recorded a gain of 2.94%. Qatar and Oman stock markets have gained over 23% ytd in 2008. Standard & Poor has launched an S&P GCC 40 Index for the top 40 GCC listed companies.

During the month of June, inflation (CPI) crossed 10% in all GCC countries. This trend is likely to change investor expectations of returns in the GCC.

### Qatar

- NYSE Euronext is planning to acquire 25% of Doha Securities Markets. This could introduce new types of securities to Doha Securities Market.
- A second mobile licence has been granted to Vodafone.

### Saudi

- Bank deposits in Saudi Arabia moved up to cross SR 760 bn.

### Kuwait

- BKME bank and Kuwait Finance & Investment Company both announced in June, plans to become Shariah compliant.
- Burgan Bank in Kuwait announced plans to raise its capital by around US\$ 700 million and expand into other GCC countries.

### UAE

- Dubai International Financial Exchange (DIFX) plans to launch derivatives trading in the second half of this year.
- Authorities in Dubai have clarified that ownership of real estate apartments will not automatically lead to residency. This could lead to a fall in the real estate sector in Dubai.

## GCC Market Digest

Country	Percentage Change			P/E	P/B	Market Cap (USD billion)	Average Daily Traded Value (USD mn)
	2007 (%)	Current Month (%)	YTD (%)				
KSA - Tadawul	40.87	-1.89	-16.32	17.53	3.4	480.33	2,706.89
Kuwait - KSE	29.75	2.94	23.07	13.57	2.62	206.11	660.19
Abu Dhabi - ADMS	51.74	-1.67	8.83	15.54	2.87	126.28	407.67
Dubai - DFM	43.72	-4.14	-8.23	16.13	2.69	103.97	318.00
Qatar - DSM	34.31	-0.18	23.83	20.7	4.26	138.21	354.93
Bahrain - Share Index	24.25	-0.52	3.77	12.35	1.95	30.38	61.62
Oman - MSM	61.88	-2.00	25.32	15.8	3.47	29.93	9.07



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