

Investment Objective & Strategy

- Capital appreciation primarily through investment in Sharia Compliant GCC listed equities. The Fund may also invest in non-GCC Arab equities to a maximum of 10% and in non listed equities to a maximum of 10%.
- Active management with focus on stock selection
- Concentrated positions with adequate diversification

Management Comment

- Al Basha'er recorded an NAV of \$13.33, a decline of 5.92% on February 2008
- Since inception it is up by 33.30 % in absolute terms
- The fund is ranked number 1 by Lipper

Performance as at 31/03/08

	Al Basha'er	Benchmark
1 month	-5.92%	-9.40%
year to date	-2.77%	-7.68%
Since inception	33.30%	-26.77%

Portfolio Analysis

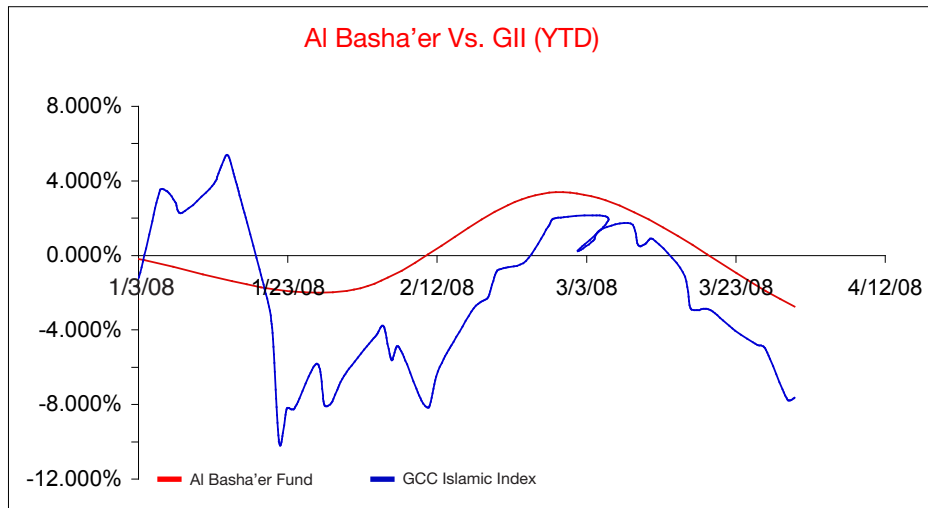
Avg P/E	12.33
Avg Div Yield	2.51%
Avg Mkt Cap Per Stock	\$26.24BL
Avg Daily Liquidity Per Stock	\$30.41MM



Awards: Lipper Fund Awards

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

Cumulative performance



Fund Managers:

Faisal Al-Osaimi
Alan Durrant
Abdulwahab Al-Marzoq

Benchmark:

GCC Islamic Index

Key figures: USD

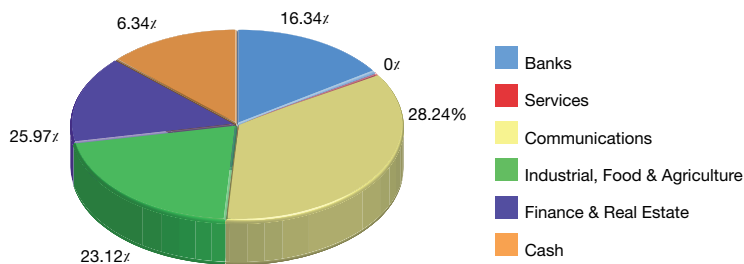
NAV: 13.33

% Cash: 6.34

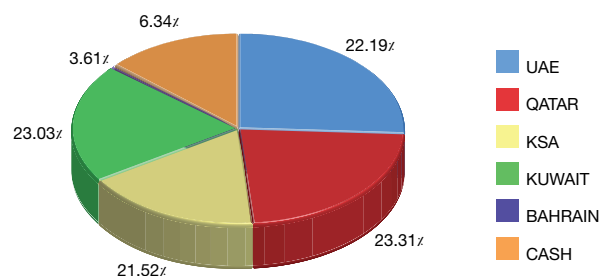
% Non-listed equities: 6.13

No. of Holdings: 24

Sector Breakdown



Geographic Breakdown



Fund Details

Fund Sponsors:	KFIC & GFH
Placement Agents:	KFIC, GFH, QIB, Gulf Bank
Investment Managers:	KFIC & GFH
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
Next Distribution:	Q1 2008

Portfolio's main holdings

Company	Country	Sector
Etisalat	UAE	Telecoms
KFH	Kuwait	Banks
SABIC	KSA	Industrials
Al Dar properties	UAE	Finance & Real Estate
Rayan Bank	Qatar	Bank

GCC Market Review

March was a miserable month for global markets as the credit crunch intensified, consequently falling equity indices were widespread. GCC equity markets also did not escape the turmoil. Kuwait was the best performing amongst the GCC markets with a 1.9% increase on February 2008, despite tense political issues. The biggest fall in the GCC was in KSA, declining 11%. Dubai fell 10.2%, mainly due to large scale selling from foreigner investors in the first quarter. Qatar and Abu Dhabi were negative by 8.7% and 5.3% respectively. Meanwhile, Bahrain and Muscat experienced the smallest declines of 3% and 2.5%, respectively.

GCC markets in March also experienced low trading volumes - average liquidity fell 37% to reach US\$ 340,413,714.5. The largest decrease was in Bahrain which dropped 61%. Liquidity in KSA was down 44%, Dubai fell 43.6%, and Abu Dhabi reduced by 33%. Qatar and Kuwait had the lowest decline in liquidity, 12.3% and 8.4% respectively. The only exception was in Muscat where liquidity increased 13.3%.

In company news, Al-Rajhi Saudi Bank received approval from Kuwait's Central Bank to open its first branch in Kuwait. MOBILY acquired 99% of data provider Bayanat AL-Oula for \$400m. In Qatar, Barwa real estate provided 21% of the AL Oula leasing company capital. In UAE, Sorouh established its international arm (OFF SHORE), nevertheless Sorouh entered into a strategic partnership deal with MGM and Rubicon to pursue unique entertainment opportunities. Etisalat won a working license in Nigeria.

Also in March, Bahraini AL- Salam Bank listed in the Dubai market. ADCB bought a 25% stake of Malaysian bank RHB Capital Barhad. In Kuwait, Agility won a 5 year deal worth \$5.5m to provide health care services for al Khafji joint operation hospital and in the last day of the month AL- Themar bank was listed on the KSE in the non Kuwaiti sector.

Kuwaiti companies who declared their financial reports 31-dec-2007 this month:

Company	Profit 2007 (KD)	EPS 2007 (fills)	% change
Al salhiya real estate	30,967,727	89	-36.8%
CGC (combined)	8,693,257	133	50%
ACICO (concrete)	22,080,409	114.5	65%
KGL	10,721,804	53	-58%
HEISCO (ships)	4,841,776	35.8	166%
Agility	153,900,000	161.8	-7.5%

GCC Market Digest

Country	USD						
	2007	Current Month	YTD	P/E	P/B	Mkt Cap	Av Daily Liquidity
KSA Tadawul	40.87	-11.24	-18.26	19.88	3.33	446	1365
Kuwait KSE	29.75	1.99	13.77	12.93	2.81	216	504
ADSM	51.74	-5.38	0.10	16.99	3.01	125	150
DFM	43.72	-10.21	-0.78	13.82	2.63	129	213
Qatar - DSM	34.31	-8.76	-0.27	19.42	3.77	107	105
Bahrain Share Index	24.25	-3.16	1.26	10.93	2.02	28	9
Oman MSM	61.88	-2.51	11.81	17.33	3.67	23	37
GCC Islamic Universe	30.25	-8.87	-7.95	15.90	3.03	153	340



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