

NAV: 7.82

Fund Size: USD 81.36 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 7.82, an increase of 1.74% on the previous month.
- Al Basha'er is up 3.60% year to date - underperforming the benchmark - which has gained 6.15% year to date.

Performance as of 31/08/09

| | Al Basha'er | Benchmark |
|-----------------|-------------|-----------|
| 1 Month | 1.74% | 0.18% |
| YTD | 3.60% | 6.15% |
| Since Inception | -21.78% | -61.17% |

Portfolio Analysis

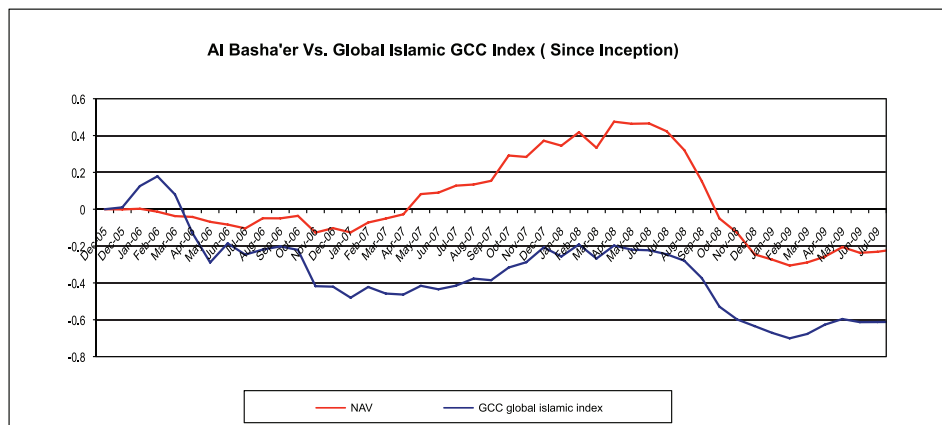
| | |
|------------------|-------------|
| Avg PE | 16.07 |
| Avg Yield | 3.37% |
| Avg Mkt Cap | \$ 10.80 BL |
| Avg Traded Value | 30.16 MN |



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

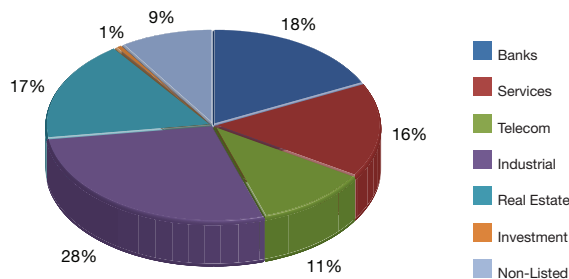
Benchmark

Global GCC Islamic Index

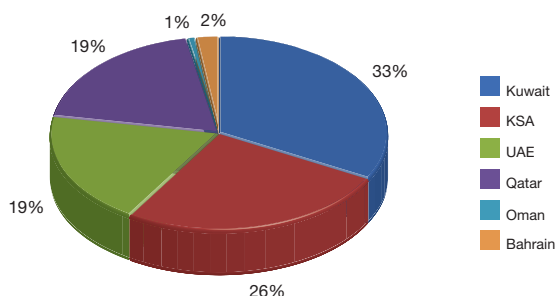
No. of Holdings

49

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 |
|-------------------|---------|---------------|
| Bayan Holding Co. | Kuwait | Real Estate |
| QGTG | Qatar | Industrial |
| SABIC | KSA | Industrial |
| QIBK | Qatar | Banking |
| Etisalat | UAE | Communication |

GCC Market Review

Markets in the GCC closed the month positive territory as investors returned to work after their summer holidays. The only exception was the Saudi Market which lost 2.03%. The Oman market that increased the most with a gain of 8.53%. Qatar and Dubai Markets rose 6.11% and 5.28% respectively, followed by the Abu Dhabi Market which went up 3.44%. Kuwait gained 3.6% and the Bahrain Market climbed 1.00%.

Kuwait

- Agility has opened a logistics hub close to Kuala Lumpur as it seeks to build its South East Asia network.
- Boubyan Bank is studying a possible capital increase ranging between 25% and 50% of its paid-up capital.
- The Kuwait Finance House is allowing it to bankroll land and housing deals in line with Islamic financing formulas.
- Viva the third mobile operator, will consider listing on the Kuwait bourse in 2010.
- Kuwait's Global Investment House plans to sign a debt rescheduling agreement with more than 90% of its creditors to extend payments for five more years.

UAE

- The UAE central bank is in talks to establish an official interbank offered rate for the dirham to better reflect market conditions, raising concerns about transparency.
- Gulf Finance House board has approved a \$300 mn rights issue to bolster its balance sheet and fund possible investments.
- The Bergermeer Gas Storage project consortium, consisting of EBN, Dyas, Petro-Canada and operator Taqa Energy, signed a deal with Gazprom export for the delivery of cushion gas for the Bergermeer Gas Storage project.
- The Kuwait Financial Centre plans to invest \$50 mn in distressed property projects in Abu Dhabi.

KSA

- A Saudi arbitration authority has issued a ruling ordering U.A.E.'s Emaar Properties to pay \$228 mn to Saudi's Jadawel International.
- Sabic signed an agreement with Japan's Mitsubishi Rayon to set up a \$1 bn joint venture.
- Barclays Saudi Arabia and Societe Generale Saudi Arabia received licenses from the Capital Market Authority to conduct investment banking activities in the kingdom.

Qatar

- Barwa Real Estate will build a \$9.04 bn project in Egypt through its Barwa New Cairo for Real Estate Investments unit.
- Qatar Telecom, its \$1.5 bn forward start facility is now in general syndication.
- Qatar's Barwa Real Estate Co. increased its capital in Kuwait's Al Imtiaz Investment to 24.5%.

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 | -2.03 | 17.86 | 14.65 | 1.90 | 292.75 | 925.66 |
| Kuwait - KSE | -38.03 | 3.06 | 1.69 | 16.14 | 1.65 | 115.12 | 361.52 |
| Abu Dhabi - ADASM | -47.83 | 3.44 | 21.22 | 9.36 | 1.27 | 75.89 | 78.41 |
| Dubai - DFM | -72.42 | 5.28 | 16.99 | 11.51 | 0.98 | 39.42 | 151.34 |
| Qatar - DSM | -28.12 | 6.11 | 3.36 | 11.12 | 2.10 | 83.97 | 494.88 |
| Bahrain - Share Index | -34.52 | 0.98 | -15.91 | 8.08 | 1.12 | 16.97 | 1.16 |
| Oman - MSM | -39.78 | 8.53 | 16.61 | 11.59 | 1.87 | 17.57 | 26.79 |



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