

NAV: 6.90

Fund Size: USD 65.82 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 6.90, a decline of 0.53% compared to the previous month.
- Year to date, Al Basha'er is down 4.32%, underperforming the benchmark which is down 2.81%.

Performance as of 31/08/2010

	Al Basha'er	Benchmark
1 Month	-0.53%	-0.47%
YTD	-4.32%	-2.81%
Since Inception	-30.96%	-63.28%

Portfolio Analysis

Avg PE	12.39
Avg Yield	3.20%
Avg Mkt Cap	\$13.59 BL
Avg Traded Value	\$18.59MN

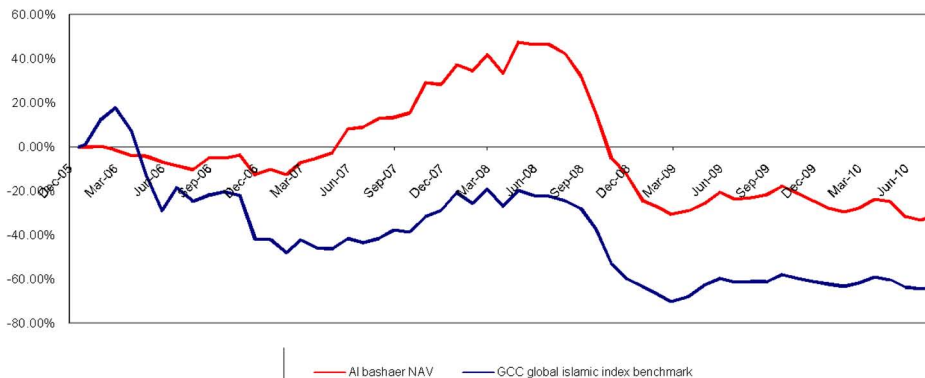


Awards: Lipper Fund Awards

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

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



Fund Managers

Kuwait Finance & Investment Co.
Gulf Finance House

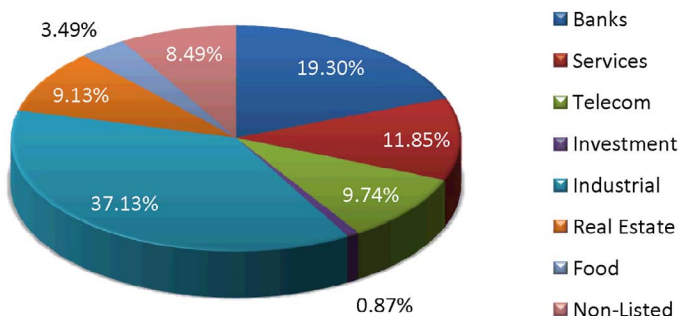
Benchmark

Global GCC Islamic Index

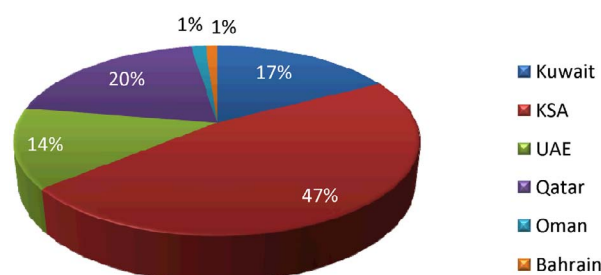
No. of Holdings

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
Al- Rajhi Bank	KSA	Banking
SABIC	KSA	Industrial
Etihad Etisalat	KSA	Telecom
BHC	Kuwait	Investment
Qatar Gas Transport	Qatar	Industrial

GCC Market Review

Al Bashaer Fund's NAV lost around 0.53% on a MoM basis to reach USD 6.90. The most decrease in the GCC markets was in the KSA market which fell by 2.82% to close at 6,106.42 points followed by Dubai market by 1.90% to close at 1,483.67 and finally Abu Dhabi which fell by 1.86% to reach 2,498.52 points, While Doha market was the most gainer which gained 2.80% to reach 7,226.15 points followed by the Bahrain market by 1.77% to close at 1,418.61 and Kuwait market by 0.51% to close at 6,688.60.

The Kuwaiti market has witnessed an improvement of banking sector stock prices during August which came after a government decision on getting finances from the banking sector for the government development projects, which is a good indication on the direction of the new government to actively support the private sector and its support for the market.

Kuwait

- KFH Al-Kheir portfolio, managed to execute 5 charitable projects in 3 Islamic countries, which are building a mosque, a Quran recitation center in Bangladesh, in addition to establishing a computer lab in a cultural center that teaches Shariah for women in Bosnia, setting up a clinic in China, and a dental clinic in Kuwait Specialized Hospital in Gaza in Palestine.
- Agility the U.S. Defence Logistics Agency has awarded Agility a six-month extension starting Sept. 2010 for the warehouse and distribution service contract at the Defense Distribution Center, Kuwait/Southwest Asia with a value of around \$25 million.
- Kuwait Real Estate Cohas announced that it will launch a fresh property portfolio in Saudi Arabia with a capital of 140 million Saudi Riyals (\$37.3 million) The portfolio will seek to provide housing units priced at SAR50,000 per unit.
- Zain is interested in Syria's mobile phone third license that the Syrian government plans to offer in an auction after years of delay.

UAE

- Al- Dar has signed up multiple retailers for a shopping and community centre, as well as a range of retail kiosks that will serve residents of Al Raha Gardens and surrounding communities such as Khalifa City and Al Raha Beach.
- Etisalat has announced that the UAE's total GSM subscriber base increased 15.3% year-on-year to 11.72 million at the end of June 2010, more than double the country's population.
- Emaar sold assets worth Dh760 million in the second quarter this year, according to company's second quarter financial statements.

KSA

- Al- Rajhi is preparing to officially launch its Islamic banking operations in Jordan within the coming two months.
- SIPCHEM announced on Aug. 4 that it has signed agreements with Rhodia Co. in France to build a new ethyl acetate (EA) plant. As part of its Phase 3 Expansion Program, it plans to construct and operate a 100,000 metric tons per annum. Ethyl acetate (EA) plant in Jubail Industrial City.
- SABIC signed an agreement with Lurgi GmbH, a German firm, for the technology licensing and engineering that will allow Sabic to produce oleo-chemicals at its affiliate Saudi Kayan Petrochemical Company.
- Etihad won a contract to execute an exploratory project for the communication and information technology commissions's Comprehensive Service Fund. Etihad was the only contender to have passed all evaluation criteria to win the contract.

Qatar

- QIB Master card worldwide has announced a 5 year Premium Debit MasterCard exclusivity agreement with Qatar Islamic bank
- Barwa has recorded net profits of QR498m in the first half of 2010, a 33% increase over first half 2009 profits of QR374m. Revenue for the first half of 2010 was QR1.7bn, an increase of 42% over first half 2009 revenue of QR1.2bn.
- Nakilat and Qatar gas has announced the delivery of its newest Q-Max LNG Carrier, "Rasheeda", to its nakilat fleet.

Bahrain

- Khaleeji Commercial bank has signed an agreement with leading money exchange and remittance house, Nonoo Exchange Company, making it its cash collector agent.

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	-2.82	-0.71	14.80	1.94	324.42	533.38
Kuwait - KSE	-9.99	0.51	-4.81	16.32	1.49	116.66	120.36
Abu Dhabi - ADSM	14.79	-1.86	-8.93	9.10	1.03	73.43	26.94
Dubai - DFM	10.22	-1.90	-17.74	9.49	0.75	50.14	17.62
Qatar - DSM	1.06	2.80	3.84	11.32	2.06	106.65	210.29
Bahrain - Share Index	-19.17	1.77	-2.72	11.25	1.04	20.60	0.85



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