

NAV: 7.93

Fund Size: USD 84.31 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 Al Basha'er fund recorded an NAV of \$7.93, a decline of 9.16% on the previous month.
- The benchmark Global Islamic Index fell 9.04%
- Al Basha'er fell 42.20% in 2008, although still outperforming the benchmark

Performance as of 31/12/08

	Al Basha'er	Benchmark
1 month	-9.16%	-9.04%
year to date	-42.20%	-53.89%
Since inception	-20.71%	-63.43%

Portfolio Analysis

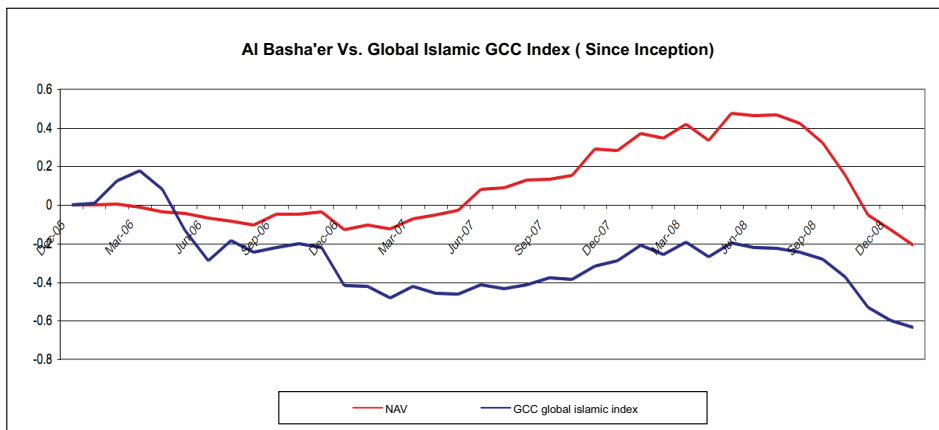
Avg PE	7.40
Avg Yield	3.62%
Avg Mkt Cap	\$ 7.26 BL
Average Traded Value	88.57



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

Cumulative performance



Fund Managers

Kuwait Finance & Investment Co.
Gulf Finance House

Portfolio Managers

Alan Durrant
Abdulwahab Al-Marzoq

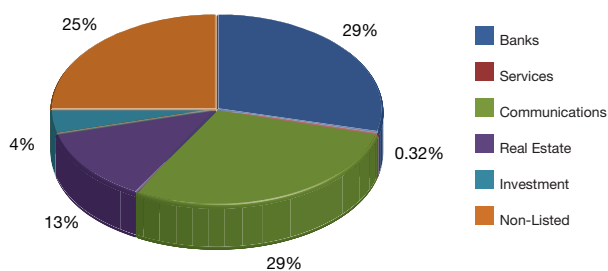
Benchmark

Global GCC Islamic Index

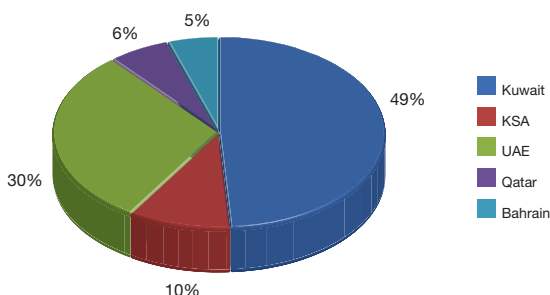
No. of Holdings

16

Sector Breakdown



Geographic Breakdown



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
Bayan Holding Co (IPO)	KSA	Industrial
Al-Dar Properties	UAE	Finance & Real Estate
Al- Rayan Bank	Qatar	Banking

GCC Market Review

GCC Equity Markets continued to decline as the year 2008 came to an end. UAE was the biggest loser with 33.52% and 17.77% falls in Dubai and Abu Dhabi respectively. Qatar lost 16.73% of its value and KSA was down 14.44%. Bahrain decreased 12.63% and Kuwait fell 9.34%. Oman was down the least with a drop of 5.28%.

Interest rate cut: The Kuwait Central Bank cut its repurchase and discount rates 50 basis points to 2.50% and 3.75% respectively. Oman also trimmed its repurchase rate by 89 basis points. Meanwhile UAE Qatar and Bahrain rates left unchanged. However, KSA reduced its repurchase rate by 50 basis points to reach 2.5% and the discount rate to 1.5%, this followed the Federal Reserve Board's decision to lower the target federal funds rate to a range of 0 to 0.25% on 16th of December, the lowest level in the history of modern monetary policy.

Kuwait

- Kuwait's National Industries Co. plans to invest KD 50 mn over the three coming years to expand its projects.
- Gulf Bank will raise capital through issuing 1.25 bn shares worth 300 fils each in January.
- Kuwait's Investment Dar Co. is under pressure from local banks to sell some of its assets to help it reschedule its debts.
- Zain Group was awarded the prestigious "Best Overall Operator in Africa and Middle East" at the annual CommsMEA Awards 2008 organized by the region's foremost business-to-business telecoms publication.
- National Bank of Kuwait got central bank approval to acquire up to 40% stake in Boubyan Bank.
- Kuwait's multi-billion-dollar government fund started buying into the stock market at the end of December.
- Commercial Bank of Kuwait canceled a deal to buy a 19% stake in Boubyan Bank that Investment Dar sold to CBK for KD 94.1 mn

UAE

- Abu Dhabi's Aabar Investments PJSC signed a binding agreement to purchase AIG Private Bank from American International Group Inc. for \$254 mn.
- Mawarid Finance has completed all the procedures necessary to convert from a private joint stock company into a public shareholding company in the Dubai Financial Market in 2009.
- Iran's Communications Regulatory Authority placed UAE Etisalat consortium first among others in terms of financial offer," Etisalat said in a statement.
- The UAE Real Estate Bank and Emirates Industrial Bank had merged into Emirates Development Bank.
- UAE central bank has approved providing banks operating in the country with dirham/dollars swap facilities.

KSA

- Saudi International Trading Co., a unit of Saudi Chemical Co., has secured a number of deals worth \$93.8 mn from the Saudi government to import pharmaceuticals.
- Saudi Arabia Basic Industries (SABIC), the world's largest petrochemicals company, is grappling with slowing demand and has seen its share price lose 60% of its value in 2008.
- Saudi Arabian Oil Co. (ARAMCO) expects to receive highly competitive bids for its joint venture with French oil major Total, despite the continuous slump in global economy.
- Saudi Polymers Co. signed a long-term facility with government-owned Saudi Public Investment Fund worth SR 3 bn to finance its petrochemical project in Jubail.

Qatar

- Doha Bank's General Assembly has approved increasing its capital by 20% through share issuance to be owned by Qatar Investment Authority.
- The shareholders of Qatar Islamic Bank approved to issue over 39 mn shares worth approximately QR 3.8 bn to the Qatar Investment Authority that represents 20% of the Bank's capital.
- Indonesia's official investment board has allowed Qatar Telecom to increase its stake in PT Indosat to 65% without having to spin off the fixed-telecommunications business of the local company.
- Qatari Ahli Bank approved selling between 10% and 20% stake to the Qatar Investment Authority.

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	-14.44	-55.05	9.85	1.73	266.66	1,071.35
Kuwait - KSE	29.75	-9.34	-38.03	6.63	1.14	101.56	299.64
Abu Dhabi - ADMS	51.74	-17.77	-47.49	6.45	1.26	65.58	41.28
Dubai - DFM	43.72	-33.52	-72.42	5.03	0.93	40.11	77.35
Qatar - DSM	34.31	-16.73	-28.12	9.36	1.87	74.1	155.61
Bahrain - Share Index	24.25	-12.63	-34.52	7.6	1.27	21.04	3.00
Oman - MSM	61.88	-5.28	-39.78	7.58	1.6	15.27	10.44



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