

NAV: 14.23

Fund Size: USD 215.67 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 July 2008 NAV of Al Basha'er was 14.23, a 2.91% fall on the previous month.
- The Global Islamic Index was 2.79% lower during the month.
- Al Basha'er is up 3.73% year to date - again outperforming the benchmark - which has lost 4.76% year to date.

Performance as of 30 July 2008

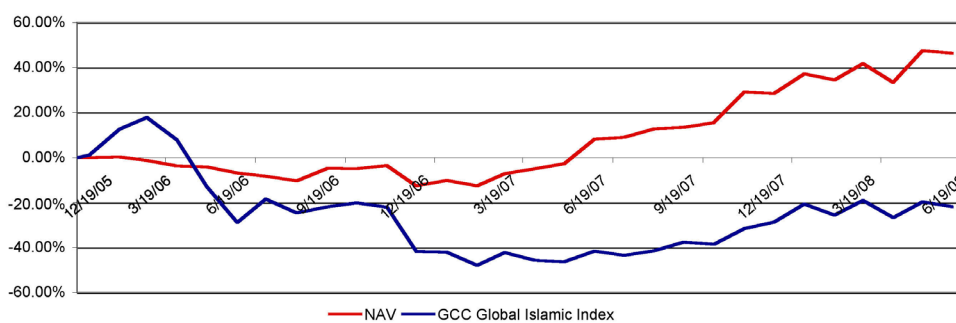
	Basha'er	Benchmark
1 Month	-2.91%	-2.79%
YTD	3.73%	-4.76%
Since Inception	42.30%	-24.45%

Portfolio Analysis

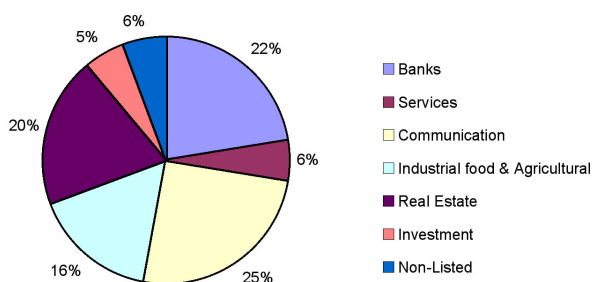
Avg P/E	13.85
Avg Yield	2.16%
Avg Mkt Cap	\$20.85 bn
Avg Traded Value	\$39.71 mm

Cummulative Performance

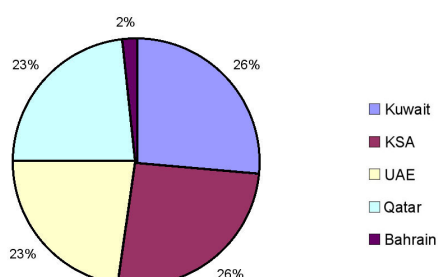
Al Basha'er Vs. Global Islamic GCC Index (Since Inception)



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

22

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

All the GCC indices ended the month lower than the previous month, reflecting weak half yearly profits announced by listed companies. The Saudi Tadawul Index was the biggest loser, down 6.19% in July. The Abu Dhabi Index recorded the least losses for the month of 0.45%. Year to date the picture is more mixed. The equity markets in Qatar, Kuwait and Oman are still in positive territory. However, the Saudi Stock Exchange has lost 22.75% year to date and the Dubai Stock Exchange is 8.88% lower year to date.

Kuwait

A consortium of Kuwait Projects Co. and Zumorroda Co. is expected to announce the acquisition of more than 20% of Al Soor Fuel Marketing Co. and plans to raise the stake to more than 45% by buying Al Soor's shares on the bourse.

National Ranges Company (Mayadeen) reported that through one of its affiliated companies, it has signed a KD 30,000,000 contract to purchase a piece of land in United Arab Emirates in the Dubai navigational area with an area of 9,774 square meters and an estimated construction area of 59,773 square meters for development.

Qatar

Vodafone Qatar, the holder of the second mobile phone license in Qatar, will float 40 per cent of its shares on the Doha Securities Market by the end of October.

Qatar National Bank is all set to enter Sudan, Mauritania, Syria and Geneva this year and has kept its option open on extending project financing to other GCC and Middle East and African markets.

KSA

Saudi Arabia's Etihad Etisalat (Mobily) said it will buy a local internet and data communication provider (Zajil International) for 80 million Saudi Riyals (USD 21.3 million) to generate more revenues from corporate clients.

Fitch Ratings has upgraded the rating of five banks in Saudi Arabia (National Commercial Bank, Al Rajhi, Samba, Riyadh Bank and Bank Aljazira) to AA- following the upgrade in the sovereign rating of Saudi Arabia in early July.

UAE

Abu Dhabi Commercial Properties, the real estate affiliate of Abu Dhabi Commercial Bank, revealed plans to establish 700 new projects providing 18,000 units at an estimated cost of Dh5 billion.

Abu Dhabi property developer Sorouh said it planned to raise 4 billion Dirhams (USD 1.09 billion) through an Islamic securitization to finance infrastructure projects in the UAE capital.

Oman

Oman's Galfar Engineering and Contracting has won two contracts worth USD 131.2 million from Oman's Public Authority for Electricity and Water and Royal Court Affairs.

Market Digest

Country	Percentage Change			P/E	P/B	Market Cap (USD Billion)	Average Daily Traded (USD Million)
	2007 (%)	Month (%)	YTD (%)				
KSA - Tadawul	40.87	-6.19	-22.75	16.70	3.06	439.75	1,986.40
Kuwait - KSE	29.75	-3.10	19.26	13.03	2.51	204.76	423.39
Abu Dhabi - ADMS	51.74	-0.45	9.32	13.17	2.71	121.99	304.47
Dubai - DFM	43.72	-0.70	-8.88	15.38	3.46	103.59	284.15
Qatar - DSM	34.31	-2.50	20.74	20.03	3.79	136.23	150.43
Bahrain - Share Index	24.25	-2.35	1.33	13.72	1.88	30.23	4.12
Oman - MSM	61.88	-5.17	18.83	14.40	3.02	27.38	29.52



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