

NAV: 6.89

Fund Size: USD 65.90 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 6.89, a decline of 8.42% compared to the previous month.
- Year to date, Al Basha'er is down 4.52%, underperforming the benchmark which is down 3.36%.

Performance as of 31/05/2010

	Al Basha'er	Benchmark
1 Month	-8.42%	-8.19%
YTD	-4.52%	-3.36%
Since Inception	-31.10%	-63.48%

Portfolio Analysis

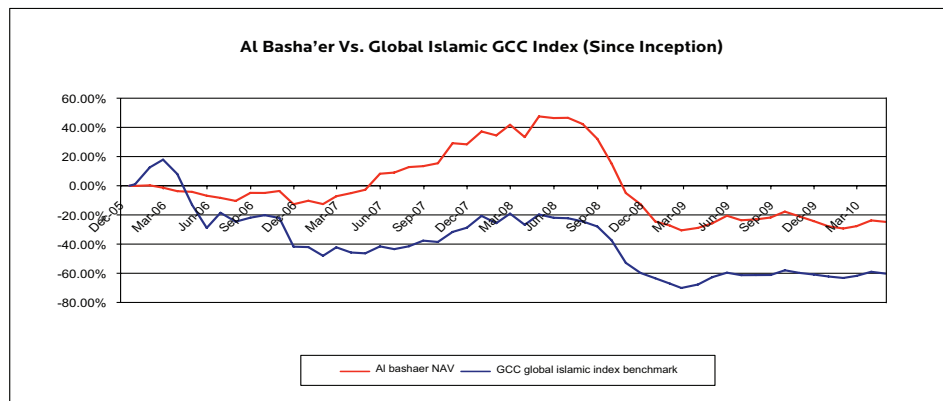
Avg PE	14.94
Avg Yield	3.45%
Avg Mkt Cap	\$14.17 BL
Avg Traded Value	27.93MN



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

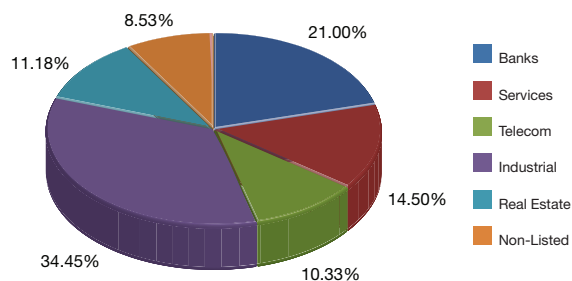
Benchmark

Global GCC Islamic Index

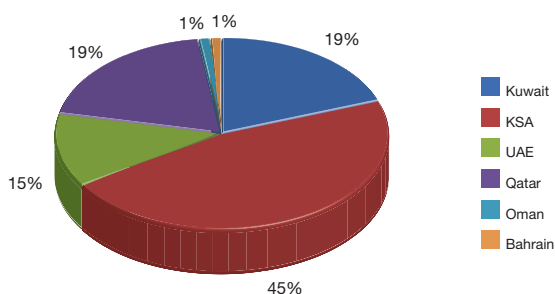
No. of Holdings

38

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
SABIC	KSA	Industrial
Al- Rajhi Bank	KSA	Banking
BHC	Kuwait	Real estate
ZAIN	Kuwait	Telecom
IQCD	Qatar	Industrial

GCC Market Review

Al Bashaer Fund's NAV lost around 8.42% on a MoM basis to reach USD 6.89 following the decline of all GCC Markets Indexes on May. The Saudi market was at the top of the list declining 11.51% to close at 6,120.52 points, Kuwait market ended the month down by 8.22% with a YTD loss of 4.36% setting at 6,699.70 points while and Abu Dhabi market was the least to decline losing 6.23%.

The GCC markets were affected by the performance of the global markets where Greece and Europe crisis where the reasons after this decline.

On the other hand at the local level Kuwait stock exchange had a tough month due to the delay of resolving Zain's deal and the settlements of Agility's case, also the lack of confidence by investors that led to a sharp decline in liquidity this month, in addition to the developments in the political situation in late May when the liberty fleet went to Gaza.

Kuwait

- Kuwait Finance House is committed to support its 52%-owned unit Aref Investment Group and has led the rescheduling of its debt amounting to \$450 mn.
- Agility's first quarter net profit slumped 52% to 17.6 mn Kuwaiti dinars from a year earlier.
- Bharti has begun drawing down to fund the completion proceeds for the sale of Zain Africa BV to Bharti for an enterprise value of US\$10.7bn.
- The Commercial Real Estate Company successfully settled and paid for in full a US\$ 100 mn Sukuk.

UAE

- ADIB's real estate arm Burooj Properties announced the commencement of the sale of residential units at the Village Garden Katameya project situated in east Cairo.
- The Dubai Financial Market is hopeful of finalizing the acquisition of Nasdaq Dubai before the third quarter this year.
- Etisalat and Abu Dhabi General Services signed a MoU, to establish a government-wide network that will provide highly secure and reliable connections between all of Abu Dhabi's governmental entities.
- Arabtec has entered into the bidding process on the Zayed Stadium project with one of the five pre-qualified bidders.

KSA

- Sabic Capital IBV, a financial unit of Saudi Basic Industries Corp. delayed the sale of a dollar-denominated benchmark bond due to unstable market conditions.
- Sipchem started commercial operations at its carbon monoxide and acetic acid plants in its acetyl complex in Jubail industrial city.
- Saudi Arabian Mining Co. awarded contracts worth \$453 million for its planned aluminum smelter to be developed with Alcoa Inc.
- National Industrialization Co. might arrange financing by the end of the year for a \$1.7 bn downstream petrochemical complex at Jubail set to be developed in partnership with Dow Chemical Co.

Qatar

- QIB signed an Istisna'a agreement for the financing of a major residential project to be built in Al Khor worth \$300 mn.
- Barwa Real Estate Co. is planning to boost its stake in its investment arm in Kuwait, Al Intiaz Investment Co., to more than the current 25% when the opportunity arises.
- Industries Qatar's unit Qatar Fertilizer Co. has signed a deal with German chemical firm Helm AG to export 18,000 metric tons of melamine to Europe.
- One of the world's largest and most advanced Q-Max LNG carriers was delivered to Nakilat and Qatargas at Samsung Heavy Industries Co. Ltd. Shipyard.

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	-11.51	-0.48	14.66	1.87	308.79	1,168.96
Kuwait - KSE	-9.99	-8.22	-4.36	14.46	1.42	108.01	120.19
Abu Dhabi - ADSM	14.79	-6.23	-5.08	9.30	1.07	75.08	35.26
Dubai - DFM	10.22	-9.22	-12.42	9.17	0.78	52.69	71.62
Qatar - DSM	1.06	-10.09	-2.49	10.23	1.97	100.21	450.39
Bahrain - Share Index	-19.17	-8.90	-0.55	10.94	1.04	20.45	0.92
Oman - MSM	17.05	-7.85	-1.17	11.15	1.73	17.05	13.90



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