

NAV: 9.50

Fund Size: USD 127.68 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 9.50 at the end of September 2008, which is a 17.51% decrease on the previous month. This reflects continued difficult market conditions across global equity markets.
- The benchmark Global Islamic Index fell 24.73%
- Year to date, Al Basha'er has outperformed the benchmark by 7.22%

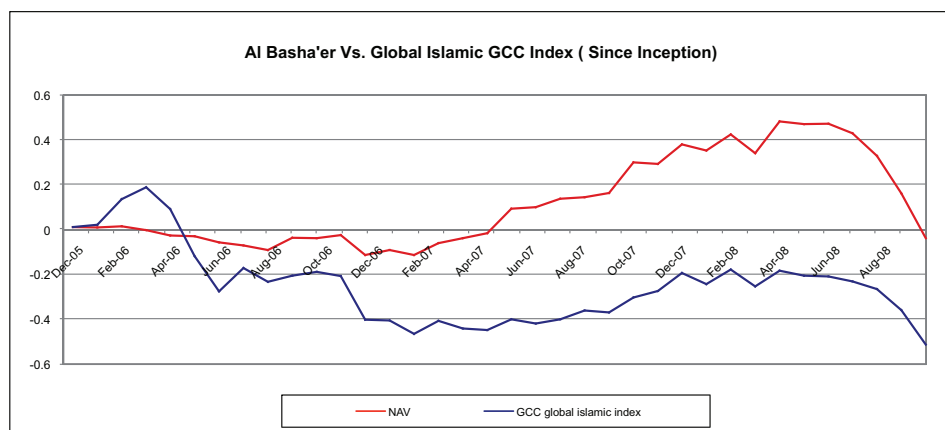
Performance as of 30/09/08

	Al Basha'er	Benchmark
1 month	-17.51%	-24.73%
year to date	-30.74%	-40.60%
Since inception	-4.98%	-52.88%

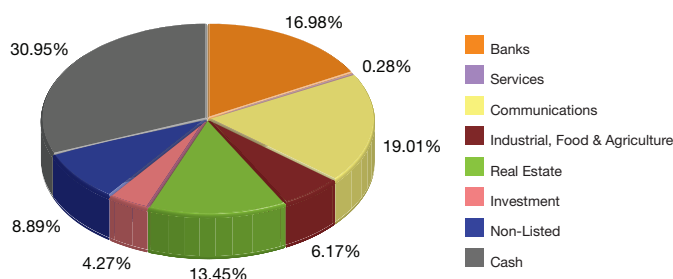
Portfolio Analysis

Avg PE	7.64
Avg Yield	3.09%
Avg Mkt Cap	10.71 BL
Average Traded Value	64.76

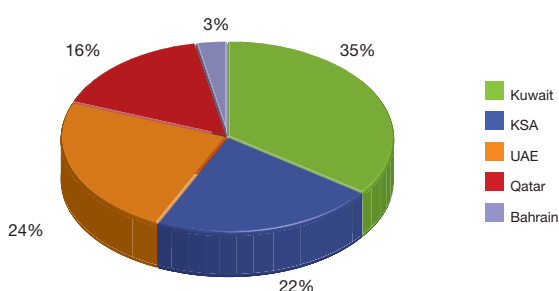
Cumulative performance



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

Alan Durrant
Abdulwahab Al-Marzoq

Benchmark

Global GCC Islamic Index

No. of Holdings

21

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

All GCC equity markets ended the month declining sharply; Dubai had the biggest fall with a 28.41% decrease from the previous month, followed by KSA and Kuwait, which fell by 25.75% and 23.76%, respectively, Oman lost around 22.14%, Qatar was down by 21.72%. Abu Dhabi and Bahrain decreased the least with 14.68% and 9.41%, respectively.

Towards the end of the month, the Kuwait Stock Exchange increased slightly, following the Kuwaiti Central Bank's announcement to cut its interest by 25 bps to 4.25%, which followed the U.S. Federal Reserve's interest rate cut by 50 basis points to 1%.

Kuwait

- Kuwait Finance House plans to spread out its existence in the Gulf, Europe and Southeast Asia with projects in the energy, infrastructure, telecommunications and real estate sectors.
- The Kuwait bourse's technical committee plans to launch new indices for share prices and to develop the existing index to reflect a true and fair view of the shares' price performance.
- The Kuwaiti bourse and local investment companies have reached a preliminary agreement to organize forward market transactions without the intervention from the bourse's administration.
- The Central Bank of Kuwait has turned down the country's investment companies' request for directly supplying them with liquidity.
- Kuwait's Gulf Bank is expected to have lost up to KD 200mn from its exposure to the derivatives and forex markets, the CEO National Bank of Kuwait told Al Arabiya TV.
- The Kuwaiti government is considering settling the foreign debts of 95 local investment companies amounting to KD 3bn after Kuwaiti banks refused to provide loans to help these companies meet their liquidity needs.
- Kuwait International Bank has appointed an agent to sell its stake totaling nearly 14.1 million shares in Warba Insurance Co.

UAE

- Two companies have postponed their planned IPOs on the Dubai Financial Market, though their documents were approved, due to worsening market conditions.
- The United Arab Emirates' Ministry of Finance injected \$6.80bn into banks, the first portion of the \$19.05bn funds it plans to provide to boost the country's financial system.

KSA

- Hail Cement, a Saudi company under formation with capital of \$320.5mn, plans to sell 50% of its shares in an IPO.
- Saudi central bank has injected between \$2 - \$3bn in local banks' deposits to help them overcome a shortage in the U.S. currency.

Qatar

- Indonesia's Minister of Communications and Informations declared that QTEL can own up to a 65% stake in PT Indosat and that it must spin off its fixed-line business in two years.
- Qatar Steel that is owned by Industries Qatar had stopped exports as local demand soared almost 45% due to a construction boom.

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	-25.75	-47.47	11.35	2.03	305.85	1,802.32
Kuwait - KSE	29.75	-23.76	-22.05	8.97	1.58	136.09	570.97
Abu Dhabi - ADSEM	51.74	-14.68	-26.93	8.52	1.66	85.54	143.62
Dubai - DFM	43.72	-28.41	-50.40	7.8	2.07	60.73	283.46
Qatar - DSM	34.31	-21.72	-27.69	10.43	2.08	82.33	199.36
Bahrain - Share Index	24.25	-9.41	-19.42	9.36	1.5	25.45	1.18
Oman - MSM	61.88	-22.14	-31.27	8.5	1.79	17.30	23.50



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