

Investment Objective & Strategy

- Capital appreciation primarily through investment in Sharia Compliant GCC listed equities. The Fund may also invest in non-GCC Arab equities to a maximum of 10% and in non listed equities to a maximum of 10%.
- Active management with focus on stock selection
- Concentrated positions with adequate diversification

Management Comment

- Al Basha'er has recorded an NAV of \$12.83 declining 0.69% on the month
- YTD the fund remains up 43% and since inception it is up by 28.3% in absolute terms
- The fund is ranked number 1 by Lipper

Performance as at 30/11/07

	Al Basha'er	Benchmark
1 month	-0.69%	1.60%
year to date	43.03%	28.80%
Since inception	28.30%	-15.30%

Portfolio Analysis

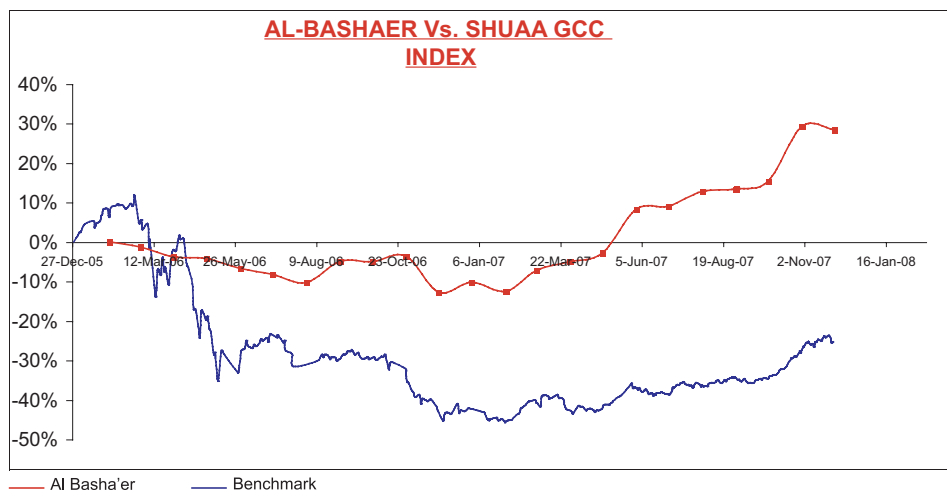
Avg P/E	12.68
Avg Div Yield	3.15%
Avg Mkt Cap Per Stock	20.13BL
Avg Daily Liquidity Per Stock	\$40.44MM



Awards: Lipper Fund Awards

Al Basha'er GCC Equity Fund won the 'Lipper Fund Award' by topping the following category: Sharia'a compliant GCC Equity Fund

Cumulative performance



Fund Managers:

Faisal Al-Osaimi
Alan Durrant
Abdulwahab Al-Marzoq

Benchmark:

Shuaa GCC Index

Key figures: USD

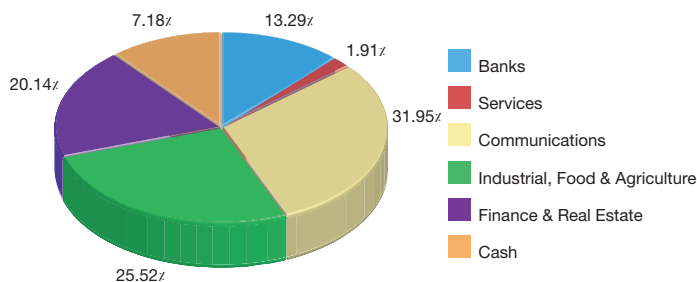
NAV: 12.83

% Cash: 7.18

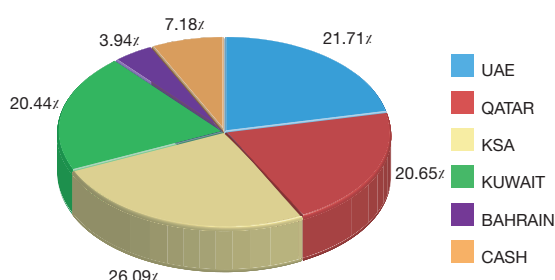
% Non-listed equities: 8.40

No. of Holdings: 28

Sector Breakdown



Geographic Breakdown



Fund Details

Fund Sponsors:	KFIC, GFH & QIB
Placement Agents:	KFIC, GFH, QIB, Gulf Bank, KCB & ADCB
Investment Managers:	KFIC & GFH
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
Next Distribution:	Q1 2008

Portfolio's main holdings

Company	Country	Sector
Etisalat	UAE	Telecoms
Qatar Telecom	Qatar	Telecoms
Sabiq	KSA	Industrials
KFH	Kuwait	Banks
Industries Qatar	Qatar	Industrials

GCC Market Review

GCC stock markets consolidated their recent gains during November. The exception was Saudi Arabia which registered a 9% gain and Oman registering a 5% gain. GCC Indices ex-Saudi Arabia were down approximately 6%. This brings year to date gains for the GCC to approximately 30% lead by Oman at 50% followed by the UAE and Qatar at 30%. Kuwait is continuing its correction falling 8% from its high at the end of October with year to date gains now at roughly 20%.

Sentiment remains bullish evidenced by increased liquidity with daily average trading values for the GCC at \$ 4.2 Billion close to the highest levels during the year. The increases for the most part have occurred in Saudi Arabia, Qatar and the UAE. Trading values in Kuwait have been on the decline since the highs achieved in April.

The rally this year has been supported by record oil prices and expectations of high economic growth as Saudi Arabia and the UAE are about to announce records budgets for the coming year. This has been illustrated with Aircraft orders as the Dubai air show inked orders for Middle East carriers in excess of \$ 100 Billion. Political tensions seem to be easing as Syria attended Annapolis, the Lebanese have agreed on a president and Ahmadi Nejad attended the GCC summit with a much lessened belligerent tone. This was followed by a CIA report saying that Iran's military nuclear program was abandoned in 2003. May be something cooking?

Foreign participation in the markets however, have been somewhat exaggerated as most statistics show their level of participation at 25% unchanged from year ago levels. The same assessment goes for institutional investors where statistics show their participation level at 20% meaning that the markets are still dominated by local retail investors. This, however, is a good reason for investing as uninformed retailers can provide opportunistic inefficiencies. One additional note is that large global investment banks have been hot on the GCC, but the recent rises in prices have brought valuations into "fair" category and that further gains will be a result of increases in profits and not P/E expansion.

During the month, there were a number of notable corporate actions. Saudi Telecom won the bid for Kuwait's third mobile licence, ADIA injected \$ 7.5 Billion into Citigroup and DP World debut was on the DIFX as the issue was 15 times over subscribed and priced at the high end of the range.

Most of the action and anticipation, however, was on the currency and interest rate front. The GCC is facing rampant inflation both imported and local. This has resulted in labor unrest in the UAE and Kuwait. Both have responded with salary hikes. The pressure on currency revaluation has increased and the talk is on a 3% to 15% appreciation without a total desertion of the dollar peg. This could ease tensions in the credit market as USD denominated bonds are becoming on hard sell with Amlak Tawweel, FGB and Dubai's DEWA all postponing their USD bond issues.

Fund Performance

Your fund recorded an NAV of \$ 12.83 declining 0.69% on the month. It remains up 43% on the year and has increased an absolute 28.3% since its inception at the beginning of 2006. We are continuing our increase of exposure in Saudi at the expense of the other markets. We are bullish on future prospects, but stock selection is crucial.

GCC Market Digest

Country	USD						
	2006%	Current Month	YTD%	P/E	P/B	Mkt Cap	Av D Liquidity (\$m)
KSA Tadawul	-53.0	8.66	18.08	19.82	3.52	422	2248
Kuwait KSE	-12.0	-5.60	19.71	11.46	2.46	191	350
ADSM	-42.0	-2.54	38.78	15.03	2.65	110	363
DFM	-44.0	1.43	29.73	14.96	2.56	125	892
Qatar - DSM	-36.0	-0.58	31.26	16.75	3.32	86	249
Bahrain Share Index	1.1	-1.98	17.06	9.74	1.84	26	6
Oman MSM	14.3	5.26	51.26	16.32	3.40	20	41
SC GCC	-42.5	1.60	28.80	13.80	3.10	410	430
GCC Islamic Universe	-43.7	-0.12	18.37	16.90	2.88	340	620



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