

NAV: 11.52

Fund Size: USD 157.89 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 11.52 at the end of September 2008, which is a 12.83% decrease on the previous month. This reflects continued difficult market conditions across global equity markets.
- The benchmark Global Islamic Index fell 13.12%
- Year to date, Al Basha'er has outperformed the benchmark by 5%

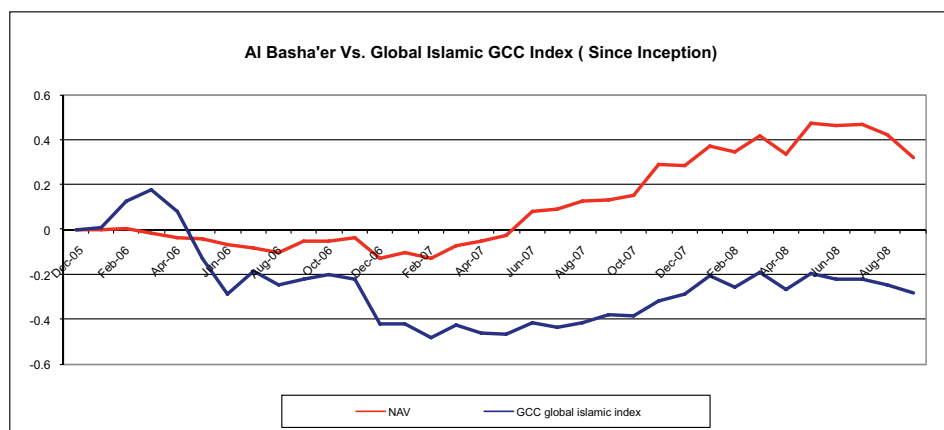
Performance as of 30/09/08

	Al Basha'er	Benchmark
1 month	-12.83%	-13.12%
year to date	-16.04%	-21.08%
Since inception	15.18%	-37.40%

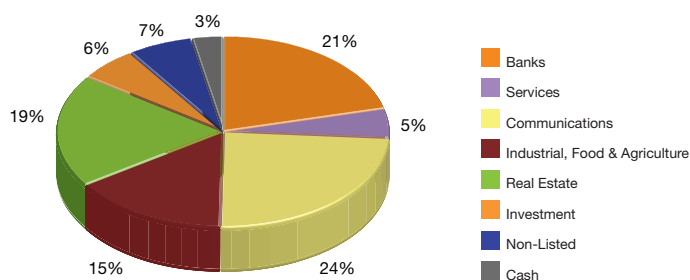
Portfolio Analysis

Avg PE	11.50
Avg Yield	2.53%
Avg Mkt Cap	17.11 BL
Average Traded Value	54.47

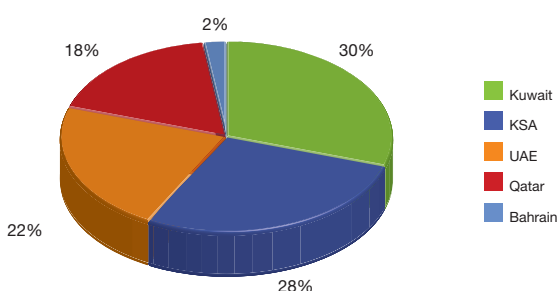
Cumulative performance



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
Faisal Al-Osaimi
Alan Durrant
Abdulwahab Al-Marzoq

Benchmark
Global GCC Islamic Index

No. of Holdings
23

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
Saudi Basic Industries Corp.	KSA	Industrial
Al-Dar Properties	UAE	Finance & Real Estate
Al- Rayan Bank	Qatar	Banking

GCC Market Review

GCC equity markets followed global markets as they continued to decline in September as a result of the fallout from the credit crunch. The KSA equity market lost the most value amongst GCC markets, declining by 14.83%. This was closely followed by the Dubai and Kuwait indices which fell by 13.34% and 11.13% respectively. The Qatar bourse lost 10.81%, Oman decreased 10.54%, leaving Abu Dhabi and Bahrain as the markets with the lowest declines of 10.35% and 8.45% respectively.

However, on a year-to-date basis, Kuwait still posted a positive performance of 2.23%, while KSA recorded the largest decrease of 33.26%.

Kuwait

- Agility announced its acquisition of Geopetrol International Limited, a top freight forwarding and logistics company specializing in the Canadian oil and gas market.
- Kuwait Financial Centre has finalized procedures to set up a \$133.35 million real estate firm in Saudi Arabia and plans to acquire a Saudi financial company; this is part of Markaz's plan to expand in Gulf markets.
- Kuwait Telecom (VIVA) plans to list on Kuwait Stock Exchange in one year and expects to attract 10% of the local mobile market in its first operating year, chief executive Najib Al- Awadi said.
- ZAIN reported that its capital increase exercise was very successful; the amount subscribed reached KD 1.19bn to help the company in its expansion.

UAE

- Abu Dhabi based developer Aldar Properties announced a joint venture with Textura Corporation, an American technology provider, providing technology that will introduce cash flow management and cost effectiveness of construction projects.
- UAE's Etisalat bought a 45% stake in India's Swan Telecom for about \$900m, its managing director said operations would begin in year 2009.

KSA

- Saudi's Al-Ittefaq Steel Products Co., one of the largest steel producers in Saudi, is planning to sell a 30% stake in an initial public offering in the fourth quarter of 2008.
- Zamil Group Holding Co. has set up a SR 650m (\$173.3 million) pipes facility which will come on stream in 2009, will be spread over 300,000 meters of land in Dammam, and will have a production capacity of 170,000 tons of pipes.

Qatar

- Industries Qatar, has said total investments in expansions and future projects to be undertaken by its subsidiaries through 2011 amount to QR21.3bn, of which the firm's share accounts for QR14.7bn.
- Qatari Diar has set up a separate company devoted to the development, construction and ongoing operations of its flagship Lusail development project. The company's name is Lusail Real Estate Development and will be operated independently.

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	-14.83	-33.26	14.35	2.6	386.29	1,128.15
Kuwait - KSE	29.75	-11.13	2.23	11.25	1.96	168.81	449.25
Abu Dhabi - ADMS	51.74	-10.35	-13.07	10.47	2.00	94.9	183.90
Dubai - DFM	43.72	-13.34	-30.42	11.53	1.86	77.28	290.87
Qatar - DSM	34.31	-10.81	-2.78	15.01	2.67	102.55	190.12
Bahrain - Share Index	24.25	-8.45	-10.62	11.84	1.59	27.16	1.85
Oman - MSM	61.88	-10.54	-6.00	11.05	2.29	21.47	25.99



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