

Almadar US Index Fund

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Fund Manager

Almadar Finance & Investment

Benchmarking Index

Almadar US Index

Administrator / Custodian

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Placement Agent

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Bahraini Representative

Gulf Clearing Company BSC

Lawyer

Al Mahmood & Zubi, Bahrain

Investment Objective

The Funds main object is to track the return of the Sharia Compliant Almadar US Index. The Almadar US Index is an intelligent index of diversified US equities.

To allow investors to take a Sharia compliant exposure in the US equity markets through a liquid vehicle both managed locally and under local Sharia compliance.

To offer both large and smaller investors an opportunity to invest in an investment which has an attractive historical track record.

Top 10 Sectors

Sector	%
Oil & Gas	13.768%
Retail	12.167%
Pharmaceuticals	4.933%
Misc. Manufacturing	4.194%
Chemicals	4.048%
Healthcare-Products	3.943%
Oil & Gas Services	3.401%
Internet	2.957%
Electric	2.854%
Computers	2.796%

Fund Characteristics

Fund Size	\$9,490,078
NAV per share	\$1.019
Number of Equity holdings	250
Fund Inception	March '04
Frequency of NAV	Bi-Weekly

Performance Summary

Since inception the Fund has returned 1.94%, while the Standard & Poor 500 Index returned -19.61%. Hence, since inception the Fund has out-performed the S&P 500 by 21.55%.

Similarly, since inception the fund has had an annualized return of 0.37% while the S&P 500 has had an annualized return of only -5.19%. Hence, the Fund has out-performed the S&P 500 by an annualized return of 5.56% net of fees.

Minimum Investment

US \$10,000

Upfront Fees

Up to 1%

Redemption Fees

USD 150 per transaction

Management Fees

0.60% for initial USD 25 million

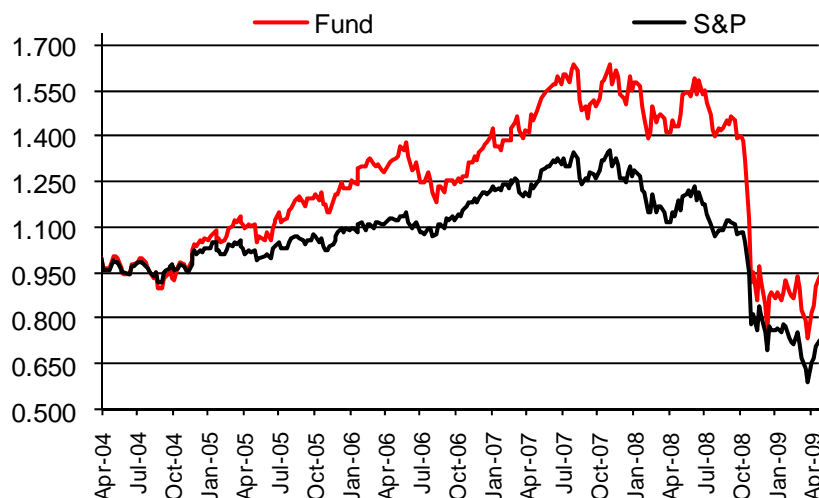
Redemption/Subscription

Biweekly (Tuesday)



Best Islamic Fund – 1 Year
North American Equities

Comparison Graph



Market Outlook

We continue to expect the economic recovery to start late this year. Yet we see the recovery as being different in both character (less diversified) and strength (weaker) relative to past recoveries. Therefore, we believe the recovery will be disappointing to both citizens and policymakers. Such disappointment means more difficult decisions in the next three years.

Economics is the science of choices and tradeoffs. Our outlook suggests that the recovery in output, employment and consumer incomes will be sub par, which means consumer and government spending will not return to what many would perceive as normal for an economic recovery. For example, consumer spending is expected to be down 0.7 percent in 2009 and only rise 1.2 percent in 2010. This is below the average of 2.9 percent during the 2004-2007 period. We estimate just 740,000 housing units will be started in 2010; the average during the 2003-2005 bubble period was 1.95M units. Unemployment is estimated to reach nearly 11 percent compared to about five percent during the 2004-2006 period. Historically, large budget deficits will persist, and decision-makers in both the private and public sectors will have to make hard choices on scarce resources. There is an ongoing economic adjustment to a new, lower equilibrium long-run growth rate for retail, construction, manufacturing (particularly durable goods) and financial services. This adjustment is most evident in the large, broad-based declines in recent employment data.

Our disappointing outlook already reflects the impact of the recently enacted economic stimulus. Reductions in payroll withholding will provide some modest support to personal and after-tax income. However, business fixed investment will remain weak as the stimulus from infrastructure is modest and spread over several years. The recent rise in orders follows six straight months of declines and therefore should not be viewed as a sign of a leap in production that would be associated with a full economic recovery typical of an earlier era.

Government spending, rather than private spending, will dominate the source of economic demand and thereby provide a different character to this recovery. Some of the additional aid to state and local governments should begin to pay dividends by the second half of the year. However, the extra dollars will not

lead to a dramatic turnaround in state and local government spending. Still, spending will be stronger than it would have been without the stimulus.

Current economic difficulties reflect both cyclical and structural forces. Policymakers employ the traditional "Keynesian response" to a sudden drop in aggregate demand with an emphasis to getting us back to where we were. However, it is where we were that was out of step with long-run sustainable growth. Policy proposals that seek to "return us to where we were" are at odds with the economic reality that the excesses of the previous cycle necessitated a structural movement toward responsible lending standards for housing finance and a less-leveraged consumer. The pace of sustainable economic growth is likely to be lower over the next five years than during the five years prior to the recession. The attempt to "get us back to where we were" should therefore entail policy actions that would sustain spending above the sustainable long-run trends. This will force spending, employment and fiscal deficits above the new long-run equilibrium rate. Pricing and resource allocations are likely to be distorted. Higher taxes, more regulation and greater trade protectionism are not pro-growth policies, and if enacted, would offset much of the macro stimulus proposals.

Commentary from Wachovia Securities

Return Comparison

Returns	Fund*	Benchmark	S&P 500
30 Days	13.05%	15.89%	9.39%
90 Days	18.01%	17.37%	5.68%
YTD	14.74%	13.35%	-3.37%
12 Month	-33.92%	-32.05%	-37.01%
24 Month	-34.36%	-31.52%	-41.28%

* Number of days may vary since NAV is calculated biweekly

Contact Details

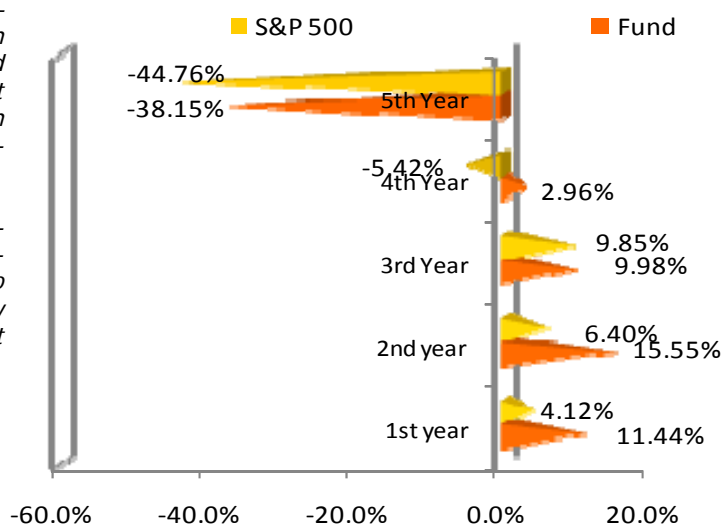
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Fund Performance



Sharpe Ratio

