

Almadar US Index Fund

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Fund Manager

Almadar Finance & Investment

Benchmarking Index

Almadar US Index

Administrator / Custodian

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Bahraini Representative

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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	%
Retail	12.87%
Oil & Gas	11.83%
Pharmaceuticals	5.76%
Computers	4.02%
Software	3.93%
Internet	3.88%
Semiconductors	3.68%
Misc. Manufacturing	3.61%
Telecommunications	3.42%
Healthcare-Products	3.34%

Fund Characteristics

Fund Size **\$11,029,373**

NAV per share **\$1.2803**

Number of Equity holdings **250**

Fund Inception **March '04**

Frequency of NAV **Bi-Weekly**

Performance Summary

Since inception the Fund has returned 28.03%, while the Standard & Poor 500 Index returned -7.10%. Hence, since inception the Fund has out-performed the S&P 500 by 35.13%.

Similarly, since inception the fund has had an annualized return of 4.26% while the S&P 500 has had an annualized return of only -1.24%. Hence, the Fund has out-performed the S&P 500 by an annualized return of 5.5% net of fees.

Minimum Investment

US \$10,000

Upfront Fees

Up to 1%

Redemption Fees

USD 150 per transaction

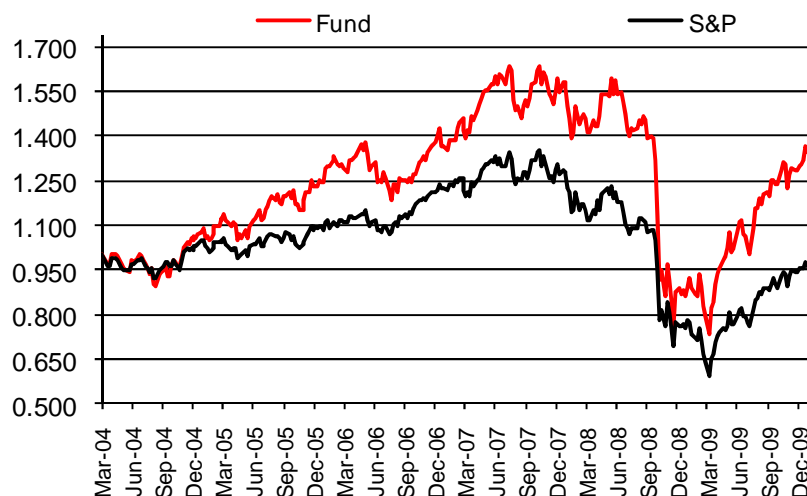
Management Fees

0.60% for initial USD 25 million

Redemption/Subscription

Biweekly (Tuesday)

Comparison Graph



Best Islamic Fund – 1 Year
North American Equities



Market Outlook

Real GDP is expected to rise at a 3.7 percent annual rate during the current quarter. Business inventories are expected to move back into positive territory for the first time in two years, adding 1.2 percentage points to first quarter growth. Final demand is growing much more modestly. Real final sales are expected to rise at a 2.0 percent annual rate, marking the fourth consecutive quarterly increase. The three prior gains in final sales have also been exceptionally modest, however, and much of the increase that has occurred results from some sort of temporary fiscal or monetary stimulus. Once those programs end, growth will likely pull back a notch.

Solid gains in first quarter real GDP almost seem guaranteed. Real personal consumption expenditures ended the year well above their fourth quarter average and outlays would rise at around a 1 percent annual rate even if spending were flat in every month of the quarter. Spending is also getting a boost from increased utility usage resulting from this year's unusually harsh winter. Spending on goods should also rise solidly, although we are concerned the huge recall by Toyota will cut into motor vehicle sales for the quarter. Easter falls on the first Sunday in April, which means most of the related shopping will occur in March, making some amends.

The early Easter means sales will be weaker during the second quarter and consumers may also need to scale back discretionary purchases so they can catch up with their power bills. Fortunately, we expect nonfarm employment to move back into positive territory this spring, providing a boost to wages & salaries and consumer confidence.

Residential construction outlays are expected to decline during the first quarter, reflecting a payback from what was supposed to be the end of the first-time homebuyers' tax credit. The initial plan was for the credit to expire at the end of November and that led to a mini surge in homebuilding last fall and existing home sales in October and November. Housing starts pulled back after the program was due to end late last year and existing home sales plummeted in December. Construction spending tends to lag starts by about a quarter, so the fourth quarter's drop in starts, along with the harsh winter weather, should lead to a small drop in outlays during the first quarter.

We expect another surge in housing starts and sales leading up to the revised end of the home-buyer tax credit. The numbers should

be less impressive this time, however, as the end of the program coincides with the start of the key spring home buying season. As a result, the seasonal adjustment process will not exaggerate the impact like it did last fall.

An even larger question is what will happen to mortgage rates and home sales once the Fed stops adding to its holdings of mortgage backed securities. The Fed's MBS purchase program, which began early last year, caused the spread between 30-year conventional mortgages and the 10-year Treasury note to tighten a little more than a quarter percentage point below its historic average. Once the program ends on March 31, we expect the spread to overshoot the other way for at least a short time, which means mortgage rates should rise about a half a percentage point from their current level by this spring. The net result will be a slower recovery in residential construction than many had hoped for.

While the Fed apparently feels confident enough to take the training wheels off monetary policy, we do not expect them to do much more than stand back and watch for now. We see the federal funds rate remaining unchanged until after the mid-term congressional elections. The administration is likely even more cautious and may urge some sort of stimulus this year, mostly aimed at jobs programs and aid to state and local governments.

Commentary from Wells Fargo

Return Comparison

Returns	Fund*	Benchmark	S&P 500
30 Days	-4.80%	-4.77%	-3.70%
90 Days	4.64%	4.16%	2.97%
YTD	-4.80%	-4.77%	-3.70%
12 Month	48.21%	50.63%	30.03%
24 Month	-14.60%	-11.16%	- 23.04%

* Number of days may vary since NAV is calculated biweekly

Contact Details

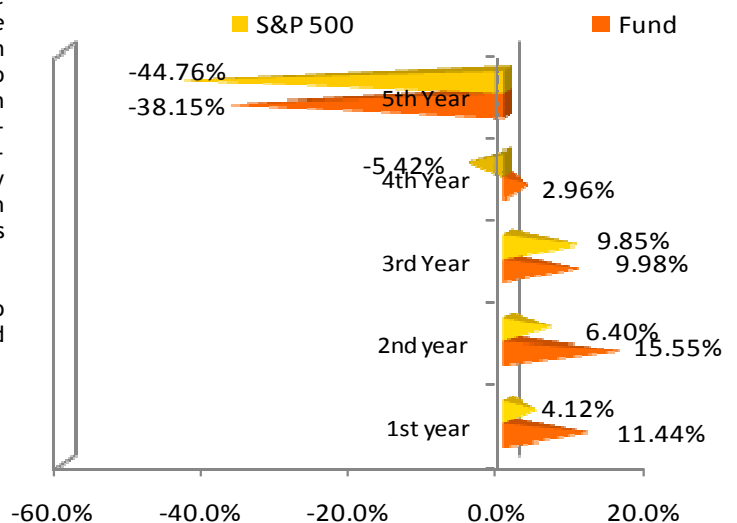
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Fund Performance



Sharpe Ratio

