

Almadar US Index Fund

Almadar Finance & Investment
P.O.Box 1376 Safat, 13014 Kuwait
www.almadar-fi.com

Fund Manager

Almadar Finance & Investment

Benchmarking Index

Almadar US Index

Administrator / Custodian

Gulf Clearing Company BSC

Placement Agent

Almadar Finance & Investment

Equity Broker

Societe Generale (SG Cowen)

Bahraini Representative

Gulf Clearing Company BSC

Lawyer

Al Mahmood & Zubi, Bahrain

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

0.50% for above USD 25 million

Redemption/Subscription

Biweekly (Tuesday)

Investment Objective

The Funds main object is to track the return of the Almadar US Index which invests in a diversified basket of 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.

Fund Characteristics

Fund Size as at June/29/2007 **\$12,726,334**

NAV per share **\$1.5178**

Number of Equity holdings **250**

Fund Inception **March '04**

Frequency of NAV **Bi-Weekly**

Top 10 Sectors

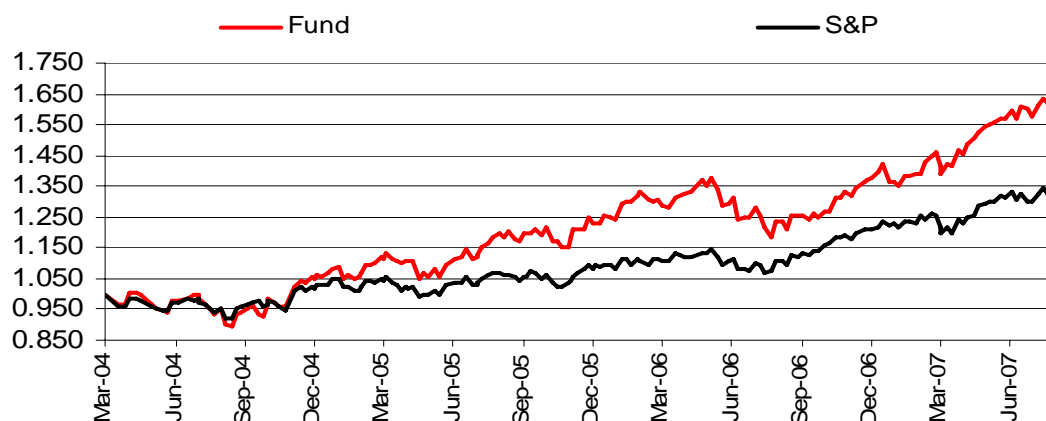
Sector	%
Retail	12.756%
Oil & Gas	11.535%
Pharmaceuticals	5.878%
Healthcare-Products	4.770%
Oil & Gas Services	4.410%
Transportation	4.042%
Misc. Manufacturing	3.228%
Chemicals	3.091%
Computers	3.056%
Software	2.895%

Performance Summary

Since inception the Fund has returned 51.78%, while the Standard & Poor 500 Index returned 26.21%. Hence, since inception the Fund has out-performed the S&P 500 by 25.57%.

Similarly, since inception the fund has had an annualized return of 12.99% while the S&P 500 has had an annualized return of only 7.05%. Hence, the Fund has out-performed the S&P 500 by an annualized return of 5.94% net of fees.

Comparison Graph



Market Outlook

To those who sold in late April and went away agonizing reappraisal, the market has carried on the momentum developed in early April and at one point last week, the Dow Industrial Average had tied an 80 year record by rising in 24 of 27 sessions. Needless to say, the Blue Chip Index is in record high ground and the benchmark S&P 500 has been flirting with its high water mark. Moreover, the all encompassing Wilshire 5000 has also been visiting new high ground.

The question plaguing Wall Street is, "How high is up?" This latest rally phase began on March 5th and so is well into its third month. Thus far, the advance has shrugged off conventional technical restraints such as extreme overbought conditions. The drivers have been the unprecedented global liquidity, the reasonable valuations, and the buy out boom, the benign Federal Reserve and the strong earnings season. The leadership has come from the big cap blue chips, which are now referred to as global stocks since an increasing amount of revenue is coming from overseas, where growth rates are exceeding the U.S. And unlike the "irrational exuberance" of the 1999-2000 period where the small investor was an active participant, sentiment surveys and mutual fund flows show small investor wariness. The big buyers have been the deal firms, the Hedge Funds, the big Institutional Pension Funds and the emerging market and petrodollar countries. And let's not forget the corporate buyer, where share buy backs have become a staple of day-to-day market activity. The result has been shrinkage of equity supply.

But the day-to-day catalysts may be harder to come by. For one, the earnings season continues to decelerate and there is little doubt that the bottom line barrage has

been helpful to the bulls. With the bulk of S&P 500 earnings in the bag, it now appears that profits will rise between 8-9%; almost triple the original estimates of 3.5%. Moreover, for the past several months each week seems to bring a number of blockbuster deals, some of which are approaching the \$100 billion level. Not only do these deals create instant wealth for the shareholders of the companies involved but also they reverberate through entire industries. This has created a cottage industry of deal speculation with most of the media having a crack at it. If the deals decelerate along with the earnings, some of the pizzazz will also diminish. Finally, there are the clucking technicians who look up from their parabolic charts and warn of something a little less than Armageddon.

As for the bottom line barrage, the first quarter earnings season is waning. However, we do see some items of focus.

Commentary from Wachovia Securities

Return Comparison

Returns	Fund*	Benchmark	S&P 500
30 Days	-3.66%	-3.42%	-3.20%
90 Days	-1.77%	-1.13%	-2.72%
YTD	11.16%	12.18%	2.61%
12 Month	23.00%	23.84%	13.99%
24 Month	26.92%	29.88%	17.91%

* Number of days may vary since NAV is calculated biweekly

Contact Details

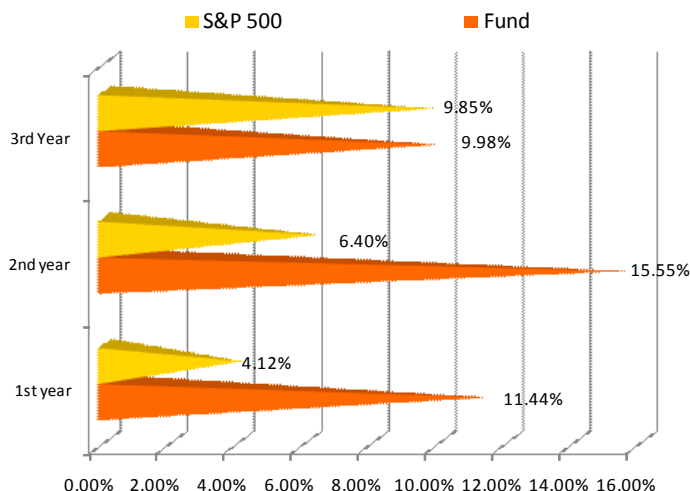
Bader Al-Baher
Bader@almdar-fi.com

Ahmed Marafi
Ahmed@almdar-fi.com

Mudaser Qidwai
Mudaser@almdar-fi.com

Phone +965-232-4200
Fax +965 232-4201

Fund Performance



Sharpe Ratio

