

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

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.

Fund Characteristics

Fund Size **\$14,265,639**

NAV per share **\$1.433**

Number of Equity holdings **250**

Fund Inception **March '04**

Frequency of NAV **Bi-Weekly**

Top 10 Sectors

Sector	%
Retail	14.289%
Oil & Gas	12.279%
Pharmaceuticals	5.663%
Oil & Gas Services	5.064%
Transportation	4.468%
Healthcare-Products	4.316%
Chemicals	4.175%
Misc. Manufacturing	3.715%
Iron/Steel	3.327%
Internet	2.732%

Performance Summary

Since inception the Fund has returned 43.33%, while the Standard & Poor 500 Index returned 13.78%. Hence, since inception the Fund has outperformed the S&P 500 by 29.55%.

Similarly, since inception the fund has had an annualized return of 9.22% while the S&P 500 has had an annualized return of only 3.21%. Hence, the Fund has outperformed the S&P 500 by an annualized return of 6.01% 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

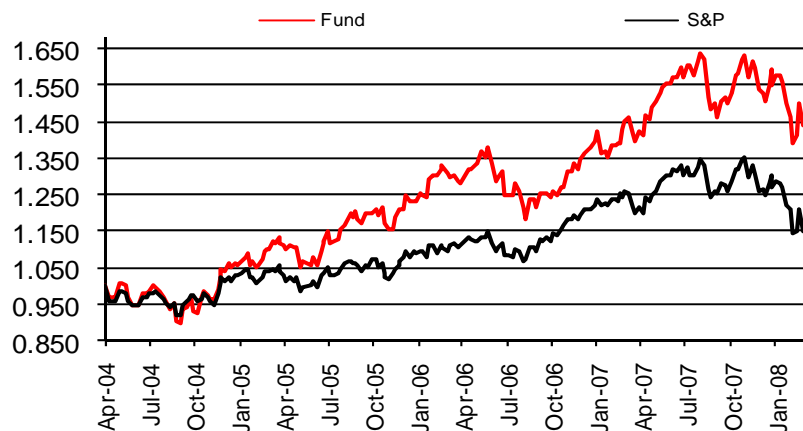
Redemption/Subscription

Biweekly (Tuesday)



Best Islamic Fund – 1 Year
North American Equities

Comparison Graph



2007 WINNER

Best
U.S. Equity Fund
One-Year
Al Madar U.S. Index



FAILAKA

2007 WINNER

Best
U.S. Equity Fund
Three-Year
Al Madar U.S. Index



FAILAKA

Market Outlook

A still unfolding credit crunch has finally made its way to Main Street and is believed to have ended the business expansion at the end of 2007. We believe the economy has fallen into at least a mild recession that will last through the first half of 2008. Our more pessimistic view of the economy is largely shaped by the combination of a significant slowdown in income growth and the sharp run-up in food and energy prices. With real incomes stagnating, consumer spending has pulled back considerably, adding to the woes in housing and financial services.

Credit restraint is also spreading to other areas of the economy, particularly commercial construction and, to a somewhat lesser degree, business fixed investment and state & local government spending. The only clear area of strength is exports which continue to benefit from strong global economic growth and an incredibly weak dollar.

While our forecast calls for a relatively modest decline in real GDP during the first and second quarters of 2008, the economy will feel much weaker than this. Real income growth has slowed much more in this downturn than it ever did in the 2001 recession. This means that households are feeling much more of the pain of this downturn. The housing slump is also much worse than anything we have experienced in recent memory, which is producing a real drag on household wealth.

Dollar weakness to new all time lows reflects undeniable signs of U.S. economic weakness and expectations of further Fed easing. As long as the outlook for the U.S. economy remains clouded, which will keep investor expectations regarding the amount of further Fed easing very fluid, it is hard to envision a sustained appreciation of the greenback. Indeed, our forecast calls for further dollar depreciation versus most currencies in the near term. However, we continue to look for dollar appreciation versus most major currencies as we head into 2009.

For starters, the current account deficit should continue to decline, which will exert less downward pressure on the dollar. Additionally, capital inflows should strengthen, giving a lift to the greenback. We expect that foreign direct investment will remain strong, and that portfolio investment should pick up as investors anticipate the commencement of a renewed cycle of Fed tightening sometime next year.

Although we forecast that the dollar will eventually strengthen vis-à-vis most major currencies, we project that it will depreciate further versus most emerging Asian currencies. Not only do these countries rack up large current account surpluses, which exert upward pressure on the value of their currencies, but inflation is the biggest concern in the region at present. We expect that most Asian governments will allow their respective currencies to strengthen further against the greenback.

Commentary from Wachovia Securities

Return Comparison

Returns	Fund*	Benchmark	S&P 500
30 Days	-1.7%	-1.07%	-0.60%
90 Days	-8.23%	-7.85%	-9.92%
YTD	-8.23%	-7.85%	-9.92%
12 Month	-1.47%	-0.36%	-6.91%
24 Month	7.99%	10.14%	2.15%

* Number of days may vary since NAV is calculated biweekly

Contact Details

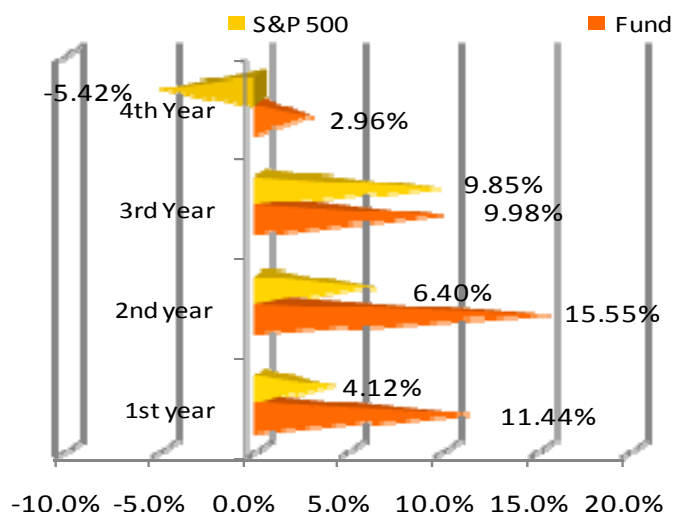
Bader Al-Baher
Bader@almdar-fi.com

Ahmed Marafi
Ahmed@almdar-fi.com

Mudaser Qidwai
Mudaser@almdar-fi.com

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

Fund Performance



Sharpe Ratio

