

# Almadar US Index Fund

Almadar Finance & Investment  
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## 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

## Investment Objective

The Fund aims to offer investors, including those with relatively smaller sums, an opportunity to invest in a liquid and diversified investment with a superior track record, both conveniently and economically.

The Fund aims to achieve capital appreciation with optimum returns through investing in the constituents of the Index. Income and dividends are not the investment objectives of the Fund.

The Fund shall be tracking the Almadar US Sharia Compliant Index with the objective of approximating its performance before the deduction of the Fund's fees and expenses.

## Top 10 Sectors

Sector	%
Retail	11.976%
Oil & Gas	11.608%
Pharmaceuticals	7.132%
Oil & Gas Services	5.255%
Healthcare-Products	4.996%
Electric	3.931%
Semiconductors	3.800%
Telecommunications	3.799%
Transportation	3.751%
Computers	3.731%

## Fund Characteristics

Fund Size as at 02/28/2006 **\$10,797,829**

NAV per share **\$1.288**

Number of Equity holdings **250**

Fund Inception **March '04**

Frequency of NAV **Bi-Weekly**

## Performance Summary

Since inception the Fund has returned 28.77%, while the Standard & Poor 500 Index returned 10.79%. Hence, since inception the Fund has out-performed the S&P 500 by 17.98%.

Similarly, YTD the Fund has returned 4.75%, while the Standard & Poor 500 Index has returned 2.50%. Hence, since the beginning 2006 the Fund has out-performed the S&P 500 by 2.25%.

## Minimum Investment

US \$10,000

## Upfront Fees

Up to 1%

## Redemption Fees

USD 150 per transaction

## Management Fees

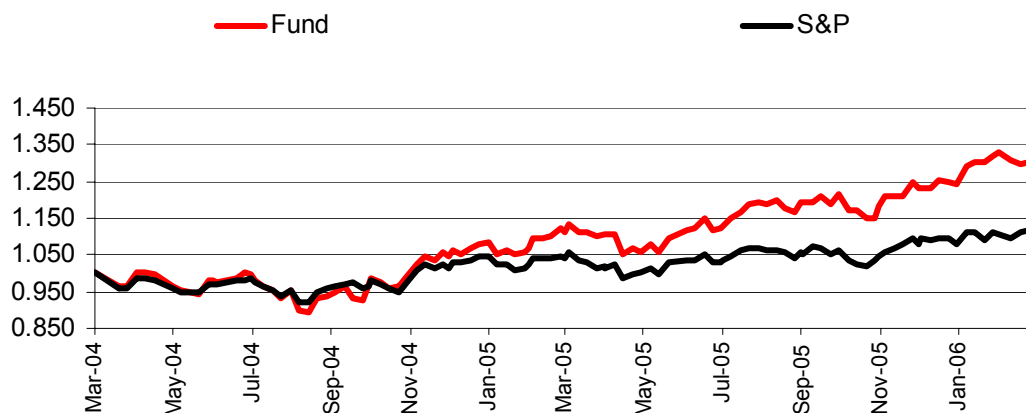
0.60% for initial USD 25 million

0.50% for above USD 25 million

## Redemption/Subscription

Biweekly ( Tuesday)

## Comparison Graph



## Market Outlook

Gross Domestic Product (GDP) growth is expected to slow from 3.7 percent for 2005 to 3.3 percent this year. Moreover, the composition of economic growth will change. Consumer spending and residential investment will slow. Business investment in equipment will remain steady while non-residential investment (both private and municipal) and federal government spending will take the lead. This suggests a change in financial needs for private companies in these sectors as well as municipal issuers.

We still expect that Katrina's and Rita's impact, specifically through higher energy prices, will be most felt in the economy by lower levels of consumer spending, particularly among middle to lower income households. The disruption in the Gulf's refinery operations should cause transportation and home heating costs to remain high thus forcing consumers to devote a larger proportion of their income to energy expenses. This will hit discretionary spending and impact spending on consumer durables relative to services or non-durable spending. Billions of dollars will be spent on rebuilding areas devastated by Katrina and Rita. This will no doubt help business and municipal spending growth. Federal spending should add a modest amount to overall economic growth in 2006.

Our expectations for fiscal policy and inflation have been impacted by the hurricane whirlwind. For fiscal policy, the budget deficit for fiscal 2006 and 2007 will be significantly larger than previously thought, with the federal government falling over itself to provide relief to the impacted areas. Second, rebuilding efforts are likely to stress the already overtaxed markets for heavy construction, building materials and skilled construction workers. Moreover, energy prices are starting to feed through to retail prices and as a result, inflation should also run a bit higher than previously thought.

Corporate profits are expected to slow during the next 18

months as businesses are able to pass on just a portion of their higher costs to consumers. Energy companies and a few firms involved with the relief efforts and infrastructure rebuilding will see healthy profit gains, which should help offset the hit to overall profits. However, profit growth is expected to downshift in the year ahead.

We expect the Fed to continue to nudge short-term interest rates higher reaching the same level we expected prior to Katrina by mid-2006. We are currently forecasting the federal funds target rate at 4.25% at year-end 2005, reaching 4.75 percent by mid-2006. We also project the 10-year Treasury yield rising to 4.60% by year end. Our inflation and interest rate outlook is slightly above the Blue Chip consensus. There is no yield curve inversion in our outlook. We do not see the case for a more significant period of restraint by the Fed to raise short rates more nor do we see a downdraft in economic expectations to lead the bond market to project significantly lower interest rates in the future.

Research from Wachovia

## Top Twenty Holdings

Company	Ticker	% Holding
ORACLE CORP	ORCL	0.746%
SFBC INTERNATIONAL INC	SFCC	0.565%
BROADCOM CORP CL A	BRCM	0.555%
ALLEGHENY TECHNOLOGIES	ATI	0.540%
TELLABS INCORPORATED	TLAB	0.515%
AKAMAI TECHNOLOGIES INC	AKAM	0.509%
STEEL DYNAMICS INC	STLD	0.498%
PALM INC NEW	PALM	0.497%
NUCOR CORP	NUE	0.496%
ARCHER DANIELS MIDLAND	ADM	0.493%
JOY GLOBAL INC	JOYG	0.492%
ADVANCED MICRO DEVICES	AMD	0.487%
CORNING INC	GLW	0.478%
BEST BUY COMPANY INC	BBY	0.472%
FRONTIER OIL CORP	FTO	0.471%
NETWORK APPLIANCE INC	NTAP	0.466%
OSI PHARMACEUTICALS INC	OSIP	0.461%
EASTMAN KODAK COMPANY	EK	0.460%
MONSTER WORLDWIDE INC	MNST	0.458%
GUIDANT CORP	GDT	0.456%

## Return Comparison

Returns	Fund*	Benchmark	S&P 500
30 Days	-3.14%	-2.18%	-0.24%
90 Days	4.75%	5.24%	2.50%
YTD	3.61%	4.03%	2.59%
12 Month	15.55%	16.91%	6.40%
24 Month	28.77%	33.98%	11.85%

\* Number of days may vary since NAV is calculated biweekly

## Contact Details

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