

Almadar US Index Fund

Almadar Finance & Investment
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Fund Manager

Madar Finance & Investment

Benchmarking Index

Almal US Index

Administrator / Custodian

Gulf Clearing Company BSC

Placement Agent

Madar 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 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 Almal US Sharia Index with the objective of approximating its performance before the deduction of the Fund's fees and expenses.

Fund Characteristics

Fund Size as at 10/31/2005 **\$10,307,576**

NAV per share **\$1.2294**

Number of Equity holdings **250**

Fund Inception **March '04**

Frequency of NAV **Bi-Weekly**

Top 10 Sectors

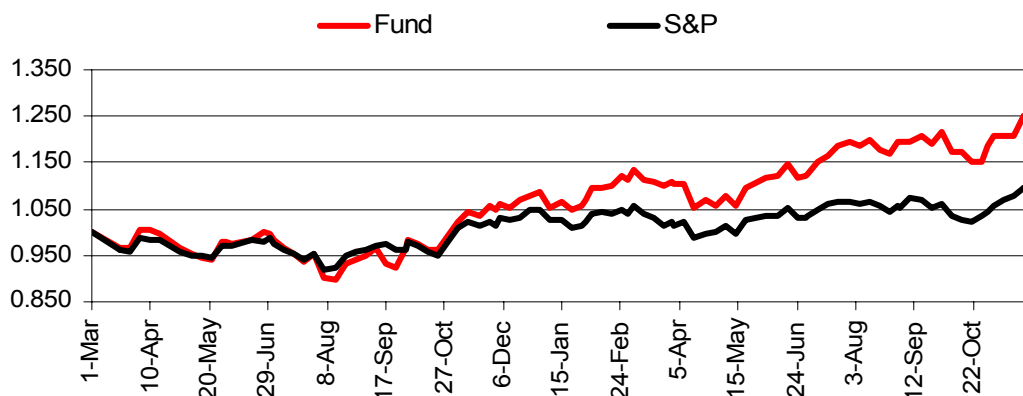
| Sector | % |
|---------------------|---------|
| Retail | 12.396% |
| Oil & Gas | 10.876% |
| Pharmaceuticals | 8.364% |
| Healthcare-Products | 5.168% |
| Oil & Gas Services | 4.219% |
| Transportation | 3.895% |
| Computers | 3.782% |
| Software | 3.590% |
| Internet | 3.586% |
| Semiconductors | 3.572% |

Performance Summary

Since inception the Fund has returned 22.94%, while the Standard & Poor 500 Index returned 8.09%. Hence, since inception the fund has outperformed the S&P 500 by 14.85%.

Similarly, since inception the tracked index, the Almal US Sharia Compliant Index returned 25.41%. The difference between the Index and the Fund is because of the various fees incurred by the Fund.

Comparison Graph



Market Outlook

Gross Domestic Product (GDP) growth is expected to slow from 3.7 percent for 2005 to 3.3 percent next 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 |
|--------------------------|--------|-----------|
| AT&T INC | SBC | 0.791% |
| EXPRESS SCRIPTS | ESRX | 0.533% |
| GOOGLE INC-CL A | GOOG | 0.503% |
| VARIAN MEDICAL SYSTEMS | VAR | 0.503% |
| APPLE COMPUTER | AAPL | 0.496% |
| NETWORK APPLIANCE | NTAP | 0.483% |
| PACIFIC SUNWEAR OF CALIF | PSUN | 0.479% |
| CIRCUIT CITY STORES | CC | 0.476% |
| ABERCROMBIE & FITCH CO | ANF | 0.475% |
| CHICO'S FAS | CHS | 0.468% |
| YAHOO! | YHOO | 0.467% |
| APPLIED BIOSYSTEMS | ABI | 0.462% |
| EASTMAN CHEMICAL | EMN | 0.460% |
| HUNT (JB) TRANSPRT SVCS | JBHT | 0.459% |
| COSTCO WHOLESALE | COST | 0.456% |
| SHAW GROUP | SGR | 0.454% |
| ANDRX | ADRX | 0.453% |
| MONSANTO | MON | 0.452% |
| YELLOW ROADWAY | YELL | 0.448% |
| BOSTON SCIENTIFIC | BSX | 0.444% |

Return Comparison

| Returns | Fund* | Benchmark | S&P 500 |
|----------|--------|-----------|---------|
| 30 Days | 3.71% | 3.81% | 3.52% |
| 90 Days | 2.81% | 2.59% | 2.28% |
| YTD | 13.17% | 14.45% | 3.10% |
| 12 Month | 17.30% | 18.67% | 6.45% |
| 24 Month | N/A | 36.13% | 16.76% |

* Number of days may vary since NAV is calculated biweekly

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