

Badr Al-Islami Income Fund

Fact Sheet: February 2010

Fund Description

Badr Al-Islami Income Fund is a Shariah Compliant open-ended Fund incorporated in the Dubai International Financial Centre (DIFC). The Fund's objective is to achieve average annual returns of 5-7% per annum over the life of the Fund. The Fund invests primarily in Sukuk and other fixed income Shariah compliant assets.

Executive Summary

Fund Type	Shariah Compliant Fund
Domicile	DIFC, Dubai
Currency	US Dollar
Regulator	DFSA
Net Asset Value	Weekly
Liquidity	Weekly
Management Fee	0.5% p.a.
Auditor	Deloitte & Touche
Registrar, Administrator & Custodian	Deutsche Bank
Bloomberg Ticker	BADISN
Zawya Code	MAKBIF.MF

Fund Summary

NAV as at 31 st Dec.	10.48
Yield	7.98%
Average Coupon	4.67%
Portfolio Modified Duration	1.70
Average Maturity	2.52 years

Top Long Positions

Issuer
Dar Al-Arkan Real Estate
Dubai Government
Aldar

Peer Comparison

	1 Mnth * %	3 Mnth %	2009 * %	Since Incep.** %
Badr Al-Islami Income Fund	-0.87	-3.32	10.51	4.84
Algebra Capital - Sukuk Fund	-0.58	-5.70	11.10	-10.25
EFH Global Sukuk Plus Fund	-0.69	-2.36	7.23	5.21
Jadwa Global Sukuk Fund	-0.91	-1.87	2.95	0.34
BNP Paribas Hilal Income Fund	-0.10	1.56	6.99	5.89

* Annualized **Respective fund's inception
Source: Bloomberg

Overview and Outlook

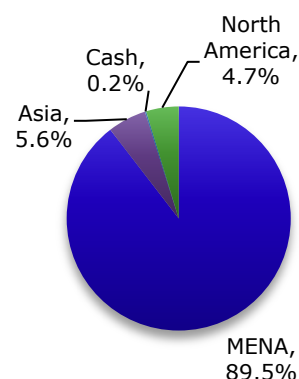
The Badr Al-Islami Income Fund was down 0.87% for the month mainly due to the weakening of UAE names.

Initial rumors of severe haircuts to Dubai World credit holders made investors risk averse to Dubai names, leading to funds flowing out to other sovereigns such as Qatar and Abu Dhabi.

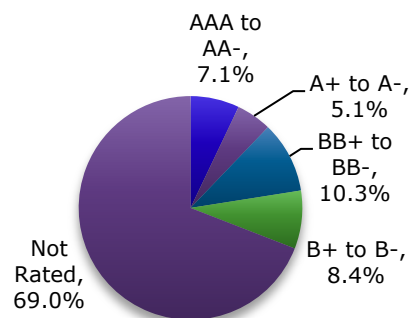
Due to the contagion effect, we have seen value in certain names which are being unnecessarily affected by the overall negative sentiment. The fund has utilized most of its cash to avail this opportunity.

We believe that more concrete news regarding the Dubai World debt restructuring is expected soon. We feel that the fund is well positioned and will benefit once the market has more clarity on the restructuring.

Regional Composition



Ratings Breakdown



General Disclaimer:

This note has been prepared solely for information purposes. It does not constitute an investment advice, solicitation, offer or personal recommendation by Mashreq Capital (DIFC) Limited (“MC”) or its affiliates to buy or sell any securities, product, service or investment or to engage in or refrain from engaging in any transaction, particularly, in any jurisdiction where such an offer or solicitation would be illegal. Certain assumptions may have been made in the analysis that resulted in any information and results/returns detailed therein. No representation is made that any returns/results indicated would be achieved or that all assumptions in achieving these returns/results have been considered. Past performance is not necessarily indicative of future results. MC does not warrant accuracy of the information provided herein and views expressed in this research reflect personal views of the analyst(s) which does not take account of individual clients’ objectives, financial situations or needs. Investors are required to undertake their own assessment and seek appropriate financial, legal, tax and regulatory advice to determine whether this investment is appropriate for them in light of their experience, objectives, financial resources and other relevant circumstances. MC nor any of its related parties accept any liability whatsoever for any direct, indirect, consequential or other loss arising from any use of this memorandum and/or further communication in relation thereto. MC does not accept any obligation to correct or update the information or opinions in it; however, opinions expressed are subject to change without notice. This note is disseminated primarily electronically, and, in some cases, in printed form.

THIS NOTE IS INTENDED ONLY FOR PROFESSIONAL CLIENTS AND MARKET COUNTERPARTIES, AND NOT FOR RETAIL CLIENTS, AS DEFINED BY THE DFSA RULES AND SHOULD NOT BE PROVIDED TO OR RELIED UPON BY ANY SUCH PERSON.

The above terms are indicative and do not constitute solicitation or an offer to sell to the public. This document is not intended to identify, represent or notify the conclusive terms and conditions of any transaction, other material considerations and any possible risks, direct or indirect, would be involved in undertaking such a transaction.