

Badr Al-Islami Income Fund

Fact Sheet: October 2009

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	BADISIN
Zawya Code	MAKBIIIF.MF

Fund Summary

NAV as at 27 th Oct.	10.74
Yield	7.95%
Average Coupon	3.92%
Portfolio Modified Duration	1.84
Average Maturity	2.73 years

Top Long Positions

Issuer
Dar Al-Arkan Real Estate
International Finance Corporation
Central Bank of Bahrain

Peer Comparison

	1 Mnth %	3 Mnth %	Since Incep.* %
Badr Al-Islami Income Fund	3.40	9.07	7.41
Algebra Capital - Sukuk Fund	4.41	15.28	0.41
EFH Global Sukuk Plus Fund	2.35	6.52	7.66
Jadwa Global Sukuk Fund	3.86	6.03	1.82
BNP Paribas Hilal Income Fund	0.04	7.51	12.0

* Respective fund's inception

Overview and Outlook

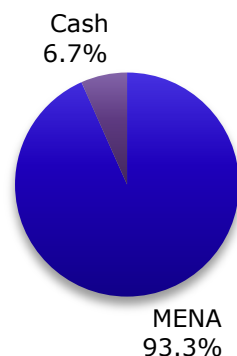
The Badr Al-Islami Income Fund has gained 3.4% for the month of October. Again, this represents respectable monthly performance for the fund, especially when one considers the volatility inherent in the markets during October.

Our performance this month is drawn from our investments in the Dar Al-Arkan Sukuk. Undervalued for much of the year, we took the decision to invest in Saudi Arabia's largest developer, on the basis of its strong fundamentals and Saudi Arabia's strong economic position. Our Dubai based positions have also performed well this month, as we continued to see confidence in Dubai's ability to handle upcoming debt maturities.

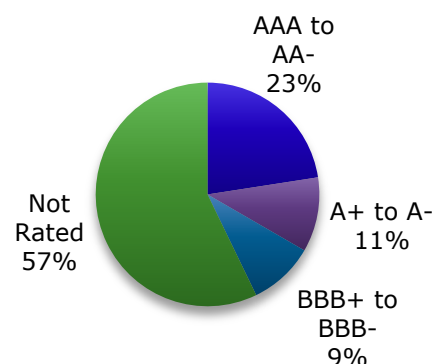
We continue to make a concerted effort in positioning the fund into a diversified set of Shariah Compliant fixed income instruments. We currently have a cash position of 6.7%, which we plan to utilize on undervalued Sukuk that were identified in October end.

Our strategy going forward remains unchanged, as we continue to seek out investments yielding a halal income of 6%+. A number of new issuances in the market during November should also provide us with switching opportunities and new assets.

Regional Composition



Ratings Breakdown



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