

Second Quarter 2008

Jadwa Investment Funds Report



جدوى للاستثمار
Jadwa Investment

Bloomberg Ticker

Jadwa Arab Markets Equity Fund	JADARAB
Jadwa GCC Equity Funds	JADGCCE
Jadwa Saudi Equity Fund	JADSEQT
Jadwa Saudi Riyal Murabaha Fund	JADSRYL
Jadwa US Dollar Murabaha Fund	JADUSDM
Jadwa Global Sukuk Fund	JDSUKUK
Jadwa World Equity Fund	JDWLDEQ
Jadwa Emerging Markets Fund	JADEMRG
Jadwa Conservative Allocation Fund	JADCOAF
Jadwa Balanced Allocation Fund	JADBAAF
Jadwa Aggressive Allocation Fund	JADAGAF

Reuters Ticker

Jadwa Arab Markets Equity Fund	LP65077654
Jadwa GCC Equity Funds	LP65077655
Jadwa Saudi Equity Fund	LP65077653
Jadwa Saudi Riyal Murabaha Fund	LP65044210
Jadwa US Dollar Murabaha Fund	LP65044243
Jadwa Global Sukuk Fund	LP65083046
Jadwa World Equity Fund	LP65083089
Jadwa Emerging Markets Fund	LP65107002

Zawyah Ticker

Jadwa Arab Markets Equity Fund	JADARAB.MF
Jadwa GCC Equity Funds	JADGCCE.MF
Jadwa Saudi Equity Fund	JADSAUD.MF
Jadwa Saudi Riyal Murabaha Fund	JADSRMF.MF
Jadwa US Dollar Murabaha Fund	JADUSMF.MF
Jadwa Global Sukuk Fund	JADSKUK.MF

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Investment Funds Quarterly Report

Dear valued customer,

We are glad to present to you our second quarter 2008 mutual funds report covering the various funds we offer. This report contains an analysis on each fund's performance as well as market overview and developments.

We are pleased to inform you that on 4th of June 2008, we launched the Jadwa Africa Equity Freestyle Fund. Only few international investors have taken note of the opportunities in African markets. The discovery phase often brings in the greatest capital returns, before the dawn of the new reality draws in new investors. In our constant endeavour to provide investors with the best investment opportunities, we have launched this fund.

Before the 2nd quarter ended, we also launched two Index Funds, the Jadwa Saudi Equity Index Fund and the Jadwa GCC Equity Index Fund. Each of the Funds aims to replicate the returns of the corresponding S & P Index by investing its assets in a majority of stocks constituting the relative index. These funds deploy a passive investment strategy to track the performance of their respective target index.

These three newly launched Funds along with our other current offerings will provide an exciting opportunity to investors enabling them to have access to variety of assets and markets. With investors seeking new investment frontiers to enhance the diversification of their portfolios and achieve an improved risk adjusted return, we at Jadwa are ensuring that our range of investment funds is in line with the needs of our clients

It is always a pleasure to be at your service.

Jadwa Asset Management

For comments and queries please contact:
Jadwa Asset Management

Phone +966 1 279-1111
Fax +966 1 293-7992
assetmanagement@jadwa.com
P.O. Box 60677, Riyadh 11555
Kingdom of Saudi Arabia
www.jadwa.com



Mutual Funds Features

	Saudi Equity Fund	GCC Equity Fund	Arab Markets Equity Fund	World Equity Fund
Base Currency	Saudi Riyal	Saudi Riyal	Saudi Riyal	US Dollar
Investment Objective	Long-term capital growth by investing in Saudi equity market	Long-term capital growth by investing in GCC equity markets	Long-term capital growth by investing in Arab equity markets	Long-term capital growth through investment in world equity markets
Investment Strategy	Invest in diversified portfolio comprised of Shariah compliant companies listed in Saudi equity market	Invest in diversified portfolio comprised of Shariah compliant companies listed in GCC equity markets	Invest in diversified portfolio comprised of Shariah compliant companies listed in Arab equity markets	Invest in Russell Jadwa World Equity Fund, which is a Shariah-compliant fund that is managed in accordance to the multi-manager concept
Risk	High	High	High	High
Benchmark	S&P Saudi Shariah Index	S&P GCC Shariah Composite Index	S&P Pan-Arab Shariah Index	Dow Jones Islamic Market World Developed Index
Min. Sub	SAR 50,000	SAR 50,000	SAR 50,000	USD 15,000
Min. Add/Redemption	SAR 25,000	SAR 25,000	SAR 25,000	USD 5,000
Valuation day	Sunday & Tuesday	Sunday & Tuesday	Sunday & Tuesday	Saturday
Sub. Fees	Up to 3%	Up to 3%	Up to 3%	Up to 3%
Mgmt Fees	1.95% annually	1.95% annually	1.95% annually	2.50% annually
Unit Price @ Inception	SAR 100	SAR 100	SAR 100	USD 100
Date of Inception	30-Jun-07	30-Jun-07	30-Jun-07	31-Dec-07



Mutual Funds Features

	Jadwa Africa Equity Freestyle Fund	Jadwa GCC Equity Index Fund	Jadwa Saudi Equity Index Fund
Base Currency	US Dollar	Saudi Riyal	Saudi Riyal
Investment Objective	To generate long term growth of capital by investing in Shariah-compliant African equities	To provide long-term capital growth by investing in GCC equity markets, in proportion to the constituents of the S&P GCC Shariah Composite Index	To provide long-term capital growth by investing in Saudi equity market, in proportion to the constituents of the S&P Saudi Shariah Index
Investment Strategy	Invest in a diversified portfolio of Shariah-compliant companies which are either domiciled in Africa or derive a significant proportion of their earnings from Africa. The Fund Manager may invest in small, medium and large capitalization securities across the African continent.	Passive investment strategy by investing its assets in Shariah compliant companies listed on the GCC equity markets in proportion to the weights of each constituent of the Index.	Passive investment strategy by investing its assets in Shariah compliant companies listed on the Saudi equity market in proportion to the weights of each constituent of the Index
Risk	High	High	High
Benchmark	MSCI South Africa Islamic Index	S&P GCC Shariah Composite Index	S&P Saudi Shariah Index
Min. Sub	USD 15,000	SAR 50,000	SAR 50,000
Min. Add/Redemption	USD 5,000	SAR 25,000	SAR 25,000
Valuation day	Sunday & Tuesday	Each business day in Saudi Arabia	Each business day in Saudi Arabia
Sub. Fees	Up to 3%	Up to 3%	Up to 3%
Mgmt Fees	2.5% annually	1.5% annually	1.5% annually
Unit Price @ Inception	USD 100	SAR 100	SAR 100
Date of Inception	04-June-08	29-June-08	29-June-08



Mutual Funds Features

	Emerging Markets Fund	Global Sukuk Fund	SAR Murabaha Fund	USD Murabaha Fund
Base Currency	US Dollar	US Dollar	Saudi Riyal	US Dollar
Investment Objective	Long-term capital growth through investment in Global Emerging equity markets	Generate market returns by investing in a diversified portfolio of local, regional and global Sukuks	Generate market returns from Short-term Murabaha trade transactions.	Generate Market returns from Short-term Murabaha trade transactions.
Investment Strategy	Invest all of its assets in Russell Jadwa Emerging Markets Equity Fund, which is a Shariah-compliant fund that is managed in accordance to the multi-manager concept	Invest in a diversified portfolio of sovereign, quasi-sovereign, corporate and convertible Sukuks	Invest in diversified low risk transactions	Invest in diversified low risk transactions
Risk	High	Medium	Low	Low
Benchmark	Dow Jones Islamic Market World Emerging Markets Index	Dow Jones Citigroup Sukuk® Index	1-month SIBID net of management fee	1-month LIBID net of management fee
Min. Sub	USD 15,000	USD 15,000	SAR 50,000	USD 15,000
Min. Add/Redemption	USD 5,000	USD 5,000	SAR 25,000	USD 5,000
Valuation day	Saturday	Tuesday	Sunday & Tuesday	Sunday & Tuesday
Sub. Fees	Up to 3%	Up to 1%	-	-
Mgmt Fees	2.50% annually	1% annually	0.5% annually	0.5% annually
Unit Price @ Inception	USD 100	USD 100	SAR 100	USD 100
Date of Inception	31-Dec-07	08-Oct-07	30-Jun-07	30-Jun-07



Mutual Funds Features

	Jadwa Aggressive Allocation Fund	Jadwa Balanced Allocation Fund	Jadwa Conservative Allocation Fund
Base Currency	Saudi Riyal	Saudi Riyal	Saudi Riyal
Investment Objective	Aggressively generate long term growth of capital by investing of the Fund assets in other investment funds	Generate medium to long term growth of capital by investing the Fund assets in other investment funds	Generate conservative growth of capital by investing the Fund assets in other investment funds
Investment Strategy	Invest in a diversified portfolio of Shariah compliant equity funds, Murabaha funds and Sukuk funds. The Fund's aggressive nature implies that the Fund is highly weighted towards equity investments	Invest in a diversified portfolio of Shariah compliant equity funds, Murabaha funds and Sukuk funds. The Fund's medium risk implies that the asset allocation of the Fund is fairly balanced between equity and other asset classes	Invest in a diversified portfolio of Shariah compliant Murabaha funds, Sukuk funds and equity funds. The Fund's conservative nature implies that asset allocation of the Fund is highly weighted towards Murabaha funds
Risk	High	Medium	Low
Benchmark	Dow Jones Islamic Market World Index	Average of the Dow Jones Islamic Markets World Index and the Dow Jones Citigroup Sukuk Index.	Dow Jones Citigroup® Sukuk Index
Min. Sub	SR 50,000	SR 50,000	SR 50,000
Min. Add/ Redemption	SR 25,000	SR 25,000	SR 25,000
Valuation day	Sunday and Tuesday	Sunday and Tuesday	Sunday and Tuesday
Sub. Fees	Up to 3%	Up to 2%	Up to 1%
Mgmt Fees	0.5 % annually	0.5 % annually	0.5 % annually
Unit Price @ Inception	SR 100	SR 100	SR 100
Date of Inception	31-Mar-08	31-Mar-08	31-Mar-08



Macroeconomic Overview

By Jadwa Investment Head of Research

Record high oil prices have supported further robust performance in GCC economies over the second quarter of 2008. Rising oil revenues are driving up government spending and bolstering confidence in the private sector, strengthening corporate activity. One by-product of the rapid economic expansion in the region is surging inflation. Inflation is now over 10 percent in all GCC states apart from Bahrain and is being aggravated by a rise in global commodity prices.

Oil prices hit a series of all-time highs during the second quarter. WTI touched \$140 per barrel by quarter's end and averaged \$124 per barrel for the quarter, almost double the average for the same period of 2007 of \$65 per barrel. Underlying the surge in oil prices is a fundamental disconnect between demand and supply. Rapid economic growth in Asia and the Middle East, in particular, has greatly increased demand for oil, but a lack of investment means that growth in supply has been unable to keep up with demand growth. Recently however, oil demand growth is slowing as a result of higher prices. In January, the International Energy Agency (IEA) was predicting demand growth of 2 million barrels per day (b/d) for 2008, its latest forecast was just 0.9 million b/d.

Oil supply growth is rising. In June, Saudi Arabia (the only producer with significant spare capacity) lifted production by 300,000 b/d, to around 9.45 million b/d. The Kingdom pledged a further 250,000 b/d increase in output at a summit of oil producers and consumers held in Jeddah in late-June. The new Saudi oil is heavy sour crude that requires complex and expensive refining and its release has not impacted on prices.

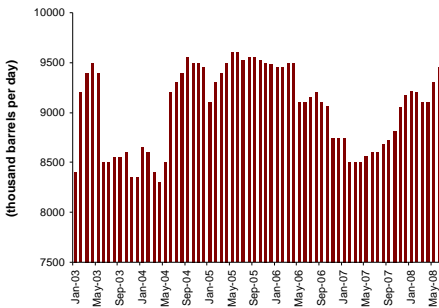
Other factors are also putting upward pressure on oil prices such as geopolitical concerns stemming from a heightening of tensions between Iran and Israel and a resumption of militant activity in the oil rich Niger Delta in Nigeria have emphasized that there is little spare capacity in the event of a significant disruption to supply. In addition, speculation in financial markets is having an impact on prices.

We estimate that total oil production in the GCC averaged 15.5 million b/d in the second quarter. After adjusting for domestic consumption, we calculate that the GCC earned around \$1.7 billion in oil revenues in each day of the last quarter. This huge inflow of revenue is stimulating massive investment. Projects worth almost \$2 trillion are either planned or under way in the region (an increase of \$200 billion since the end of the first quarter). Even allowing for this spending, regional governments are saving vast amounts. We expect the combined GCC budget surplus to reach an all-time high of \$190 billion this year (equivalent to 18.8 percent of the region's GDP).

Oil price breaches the \$140 per barrel

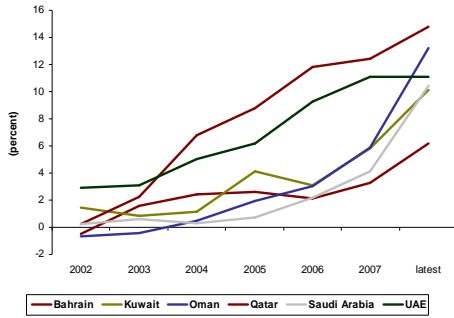


Saudi Oil Production





GCC Inflation

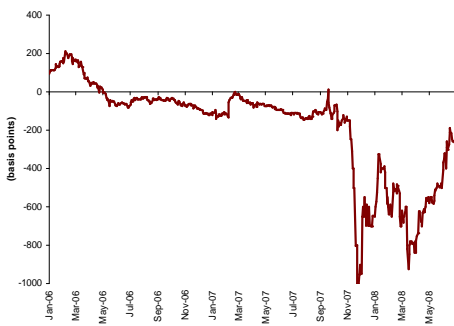


Despite indications that the performance of the non-oil economy remained strong and while rising borrowing by the private sector reflects confidence in the economic outlook, it nonetheless feeds into inflation.

Inflation remains the main economic concern in the region. It now exceeds 10 percent in each country in the GCC apart from Bahrain. Within the last quarter new all-time highs were recorded in Oman (13.2 percent) and Kuwait (10.1 percent). Average inflation across the GCC currently stands at 11 percent, compared to just 2.1 percent for 2000 to 2006. Rent is the main source of inflation, as supply has been unable to keep up with very strong demand for new accommodation stemming from a rapid inflow of expatriate workers, rising national populations and a reduction in household sizes. Rental inflation is now above 15 percent throughout the GCC.

Higher global food prices have also added to inflation. As a major food importer, the GCC is heavily affected by international food prices. The IMF food price index surged by 24 percent between November 2007 and March 2008 owing to concerns about shortages and hoarding in the face of surging demand caused by changing dietary patterns in Asia and the use of crops for biofuel rather than food. It currently stands nearly 45 percent higher than it was at the same point of last year. As a result, food price inflation is running at over 20 percent in Qatar and Oman.

One-year Saudi Riyal Forwards



Low interest rates continue to stimulate inflation. With all the GCC states (apart from Kuwait) pegging their currencies to the US dollar, they are compelled to follow the US in cutting interest rates. Interest rates across the region were trimmed in early May in response to a 25 basis point (0.25 percentage point) cut in the US Fed Funds rate. In inflation-adjusted terms, interest rates are heavily negative throughout the region. With inflation rising in the US, the forwards market is now pricing in at least one interest rate hike before the end of the year, but it will take a long term for inflation-adjusted interest rates to move back into positive territory.

The prospect of higher interest rates, combined with clear statements from GCC central bank governors emphasizing their commitment to the exchange rate pegs and progress towards the regional single currency, has significantly eased speculation on regional currency revaluations. With GCC governments' ruling out the use of the exchange rate as a means to lower inflation, other measures to both control inflation and offset its impact continue to be used. Saudi Arabia and Oman both raised commercial bank reserve requirements in the past quarter (this reduces the proportion of funds available to banks to lend); Qatar and the UAE have extended price controls and Kuwait has increased public sector pay for the second time this year.

Inflation is complicating the outlook for government policymakers and corporations as well as eating into consumers' disposable incomes. However, it is not undermining the economic outlook.



A downturn in oil prices caused by the slowing global economy is the main risk to the outlook for the region. Oil prices have continued to soar this year despite falling demand growth. However, higher prices are increasingly being felt by consumers. Many Asian countries have raised retail prices for fuel, refining spreads in the US have been squeezed and prices have reached uncomfortable levels in Europe. A further significant slowdown in demand could trigger a sharp fall in oil prices. However, oil prices would need to decline to less than \$50 per barrel to put serious pressure on the budgets of GCC states, an outcome we do not anticipate in the near term.



Jadwa Saudi Riyal Murabaha Fund

Unit Price: SAR 103.2119
as of 29 June 2008

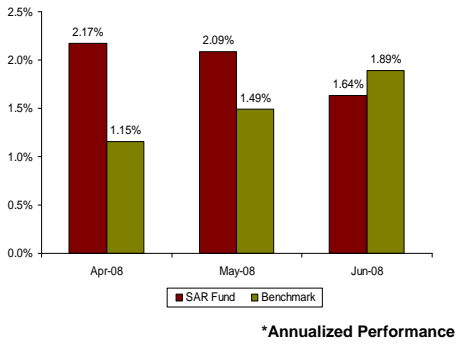
Fund Performance:

The unit price of the fund appreciated by an annualized rate of 1.95% during the second quarter while the benchmark increased by an annualized rate of 1.55% over the same period. The fund's unit price increased at an annualized yield of 3.21% versus the benchmark's annualized yield of 2.76%.

Major News:

On 30 April 2008, the U.S. Federal Reserve cut interest rates by 25 basis points to 2.00%, in order to boost the economy and prevent the US market from seeping into recession. This cut consequently was reflected in the Saudi Riyal since it is pegged against the US dollar. To prevent further speculation to arise of a Saudi Riyal revaluation away from the US dollar, Saudi Arabia decided to follow the Federal Reserve Fund's decision by cutting the Reverse Repo Rate by 25 basis points to 2.00% during the second quarter of 2008.

Monthly Performance*



Jadwa US Dollar Murabaha Fund

Unit Price: USD 103.5546
as of 29 June 2008

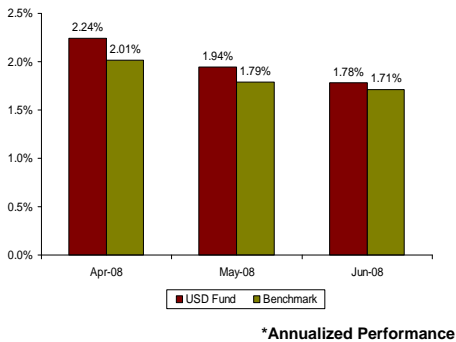
Fund Performance:

The unit price of the fund appreciated by an annualized rate of 1.92% during the second quarter while the benchmark index increased by an annualized rate of 1.83% over the same period. The fund's unit price increased at an annualized yield of 3.55% versus the benchmark's annualized yield of 3.20%.

Major News:

On 30 April 2008, the U.S. Federal Reserve cut interest rates by 25 basis points to 2.00%, in order to boost the economy and prevent the US market from seeping into recession. However, during the second quarter of 2008 the U.S. dollar did not hit a record low against the Euro and other currencies as compared to the first quarter of the year.

Monthly Performance*

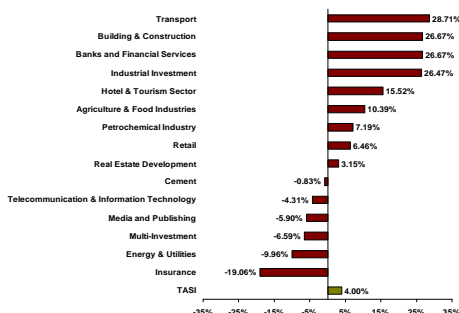




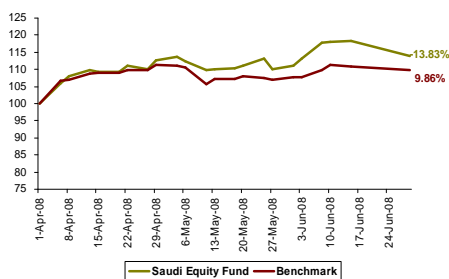
Jadwa Saudi Equity Fund

Unit Price: SAR 155.0678
as of 29 June 2008

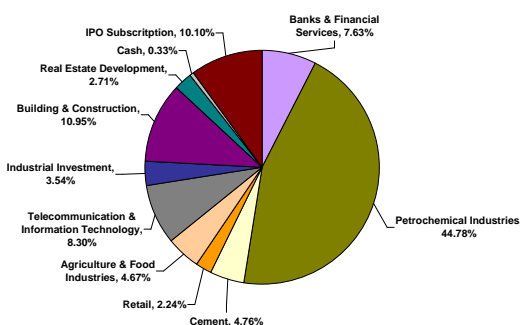
2Q 2008 Market & Sector Performance



2Q 2008 Fund Performance vs. Benchmark



Sector Allocation as of 29 Jun. 2008



Market Overview and Performance

The Tadawul All Shares Index (TASI) appreciated by 4.00% during the second quarter 2008. Over the three month period, six out of a total of fifteen sectors witnessed negative performance. The two best performing sectors were transport sector by 28.71% and the Building & Construction sector by 26.67%. The resilience of the transport index was due to the National Shipping Co. of Saudi Arabia.

In terms of volume traded for the quarter ending June 30, 2008, the petrochemical industries sector ranked first followed by the real estate development sector. The most profitable stock for the period was Basic Chemical Industries Co. appreciating by 185.00%.

Fund Performance:

The unit price of the fund appreciated by 13.83% during the second quarter while the benchmark increased by 9.86% over the same period. Since inception, the fund unit price and the benchmark both appreciated by 55.07% and 47.49% respectively.

Major Market News:

- On 2 April 2008 the Saudi Stock Exchange (Tadawul) reacted positively to the new market structure and indexes. In this new structure, the market now has 15 sectors and calculation of the main and sector indexes will be based on free-float shares. Tadawul in Saudi Arabia is the first GCC stock market to follow a free float methodology in its indices, moving it closer to best practices followed around the world for capital markets.
- On the 4th of June, 2008 Tadawul announced its intention to implement a project pertaining to displaying majority individual shareholders in the listed companies on its website in line with Tadawul's strategy of more transparency in the Saudi Stock Exchange.

Attribution:

The largest positive contributor to the Fund's performance was Saudi Arabian Fertilizer Company (SAFCO). The main driver of this impact was the increase in global prices of the company's products.

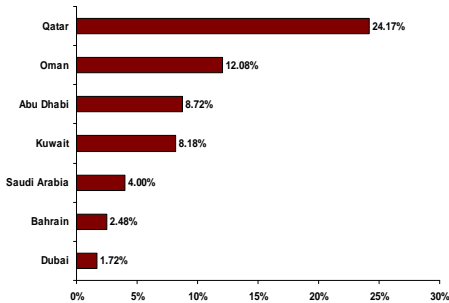
The largest negative contributor to the Fund's performance was Saudi Telecom.

Top Five Holdings

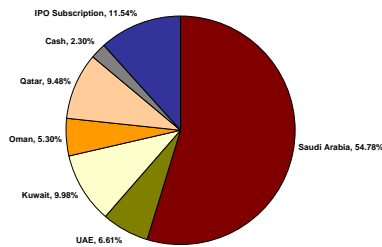
Company	% of Fund
SABIC	28.15%
SAFCO	6.95%
Al-Marai	4.70%
Al-Rajhi Bank	4.25%
STC	4.24%
Total	48.29%



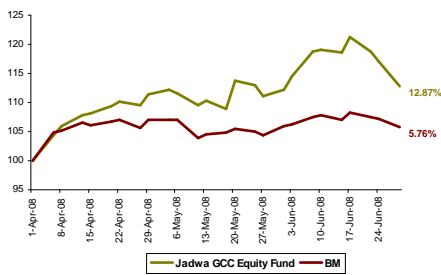
GCC Capital Markets Performance 2Q2008



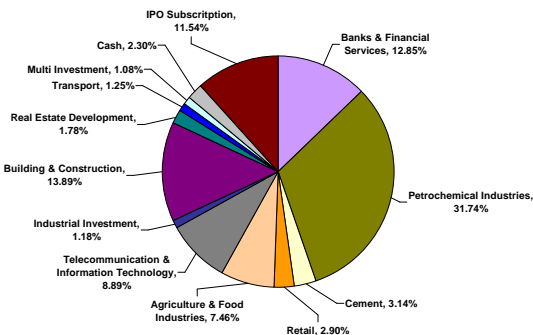
Geographical Allocation as of 29 Jun. 2008



2Q 2008 Fund Performance vs. Benchmark



Sector Allocation as of 29 Jun. 2008



Jadwa GCC Equity Fund

Unit Price: SAR 141.5241
as of 29 June 2008

Market Overview and Performance

The performance of the indices covered in the GCC markets was positive during the second quarter 2008. Doha Securities Market outperformed all other GCC markets appreciating by 24.17%. Muscat Securities Market was another top performer appreciating by 12.08%. Abu Dhabi Securities Market recorded a 8.72% increase and Kuwait Stock Exchange recorded a 8.18% increase while Saudi Stock Exchange, Bahrain Stock Exchange and Dubai Financial Market recorded a 4.00%, a 2.48% and a 1.72% appreciation respectively during the second quarter of the current year.

Fund Performance:

The fund unit price appreciated by 12.87% during the second quarter while the benchmark increased by 5.76% over the same period. Since inception, the fund unit price and the benchmark both appreciated by 41.52% and 29.22% respectively. The majority of our investments were located in Saudi Arabia due to the very attractive valuations of the Saudi market compared to its GCC counterparts. Kuwait came in second followed by Qatar, the UAE and Oman.

Attribution:

The largest positive contributor to the Fund's performance was Saudi Arabian Fertilizer Company (SAFCO). The main driver of this impact was the increase in global prices of the company's products.

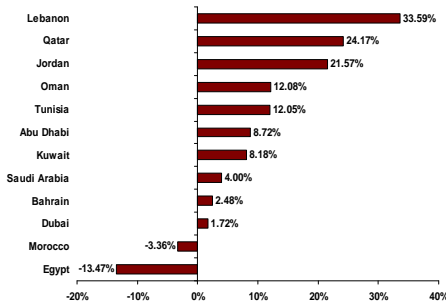
The largest negative contributor to the Fund's performance was Voltamp Energy.

Top Five Holdings

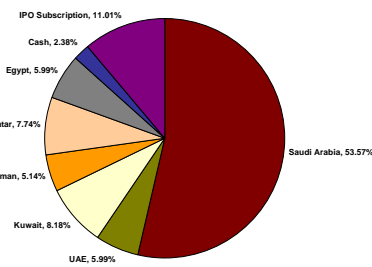
Company	% of Fund
SABIC	16.15%
SAFCO	6.78%
Al-Marai	4.14%
STC	4.01%
Qatar Industries	3.55%
Total	34.63%



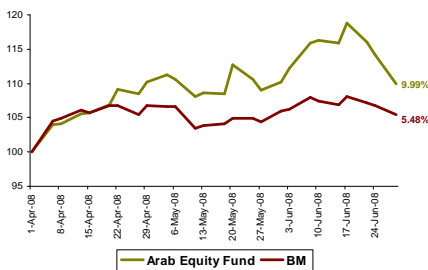
Arab Capital Markets Performance 2Q2008



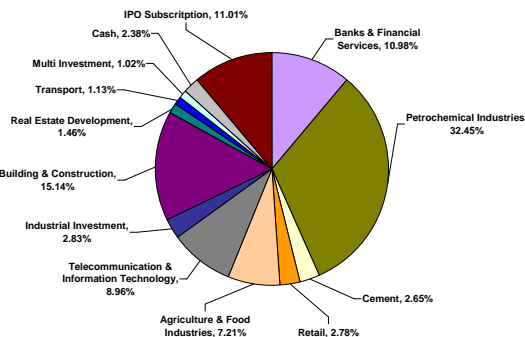
Geographical Allocation as of 29 Jun. 2008



2Q 2008 Fund Performance vs. Benchmark



Sector Allocation as of 29 Jun. 2008



Jadwa Arab Markets Equity Fund

Unit Price: SAR 139.9094
as of 29 June 2008

Market Overview and Performance

The performance of the indices covered in the Arab markets was mixed during the second quarter 2008. Most of the GCC markets outperformed the other Arab markets. Doha Securities Exchange recorded the largest gain of 24.17% followed by Muscat Securities Market which appreciated by 12.08%. Abu Dhabi Securities Market experienced a 8.72% increase while Kuwait Stock Exchange recorded a 8.18% increase. Saudi Stock Exchange, Bahrain Stock Exchange and Dubai Financial Market all recorded a 4.00%, 2.48% and a 1.72% appreciation respectively during the second quarter of the current year. The Egyptian market depreciated by 13.47%.

Fund Performance:

The fund unit price appreciated by 9.99% during the second quarter while the benchmark increased by 5.48% over the same period. As of 29 June, the fund unit price and the benchmark index both appreciated by 39.91% and 33.08% respectively since inception.

Attribution:

The largest positive contributor to the Fund's performance was Saudi Arabian Fertilizer Company (SAFCO). The main driver of this impact was the increase in global prices of the company's products.

The largest negative contributor to the Fund's performance was Voltamp Energy.

Top Five Holdings

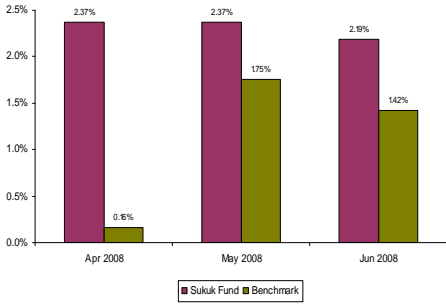
Company	% of Fund
SABIC	18.06%
SAFCO	6.90%
Al-Marai	4.15%
Voltamp	3.84%
STC	2.99%
Total	35.94%



Jadwa Global Sukuk Fund

Unit Price: USD 101.5610
as of 24 June 2008

Monthly Performance*



*Annualized Performance

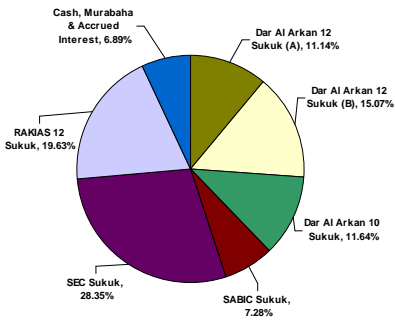
Fund Performance

The Jadwa Global Sukuk Fund appreciated by an annualized rate of 2.19% versus an annualized gain of 1.42% for the benchmark since inception.

Our Sukuk Fund is invested in high yielding sukuk when compared to other issuances in the market. We chose our investments according to the quality of the business environment, the healthy fundamentals of the financial positions and the quality of the projects the sukuk were issued to finance.

The Jadwa Global Sukuk Fund is invested in Dar Al-Arkan, SABIC, Saudi Electricity Company and RAKIA Sukuk Company Limited.

Asset Allocation as of 24 Jun. 2008





Jadwa Fund of Funds

The Fund of Funds (FOFs) investment approach provides superior diversification of asset classes, markets, risks and managers. The assets of FOFs can be spread into a diverse range of funds investing in equities, Sukuk and Murabaha.

Jadwa Funds of Funds cover the risk spectrum with three risk-adjusted funds: Jadwa Aggressive Allocation Fund, Jadwa Balanced Allocation Fund and Jadwa Conservative Allocation Fund. They allow the investor to delegate to Jadwa's professional fund managers the important task of dynamic asset allocation and effective diversification likely to produce superior risk-adjusted returns.

Instead of selecting individual funds from a broad range of funds, the FOFs simplify the investor's decision as he needs only to assess his risk tolerance level.

Jadwa Fund of Funds enable investors to have access to a variety of assets and markets. Every investor will find one of the three Funds suited to his risk profile, be it conservative, moderate or aggressive.

Jadwa Conservative Allocation Fund

Unit Price: SAR 103.1142
as of 29 June 2008

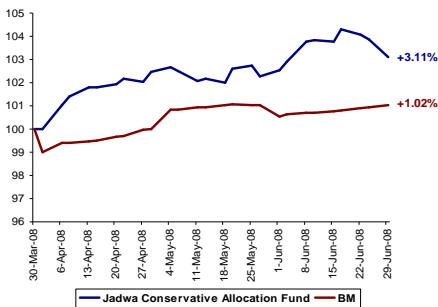
Fund Performance:

The unit price of the fund appreciated by 3.11% during the second quarter of 2008 while the benchmark increased by 1.02% over the same period.

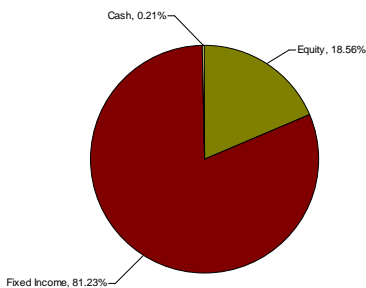
Fund Allocation:

As of 29 June 2008, fixed income represents 81.23% of the fund's allocation, equity represents 18.56% of the fund's investment, while cash represents 0.21%.

2Q 2008 Fund Performance vs. Benchmark

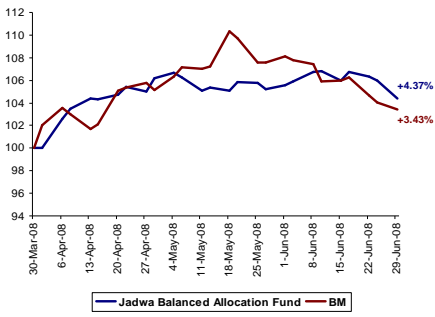


Asset Allocation as of 29 Jun. 2008

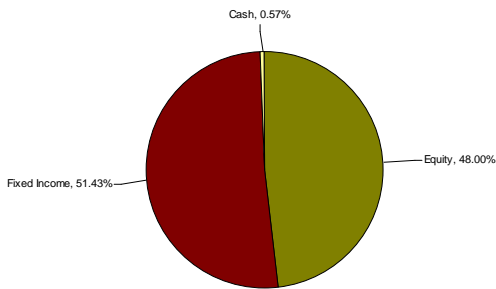




2Q 2008 Fund Performance vs. Benchmark



Asset Allocation as of 29 Jun. 2008



Jadwa Balanced Allocation Fund

Unit Price: SAR 104.3689
as of 29 June 2008

Fund Performance:

The unit price of the fund appreciated by 4.37% during the second quarter of 2008 while the benchmark increased by 3.43% over the same period.

Fund Allocation:

As of 29 June 2008, fixed income represents 51.43% of the fund's allocation, equity represents 48.00% of the fund's investment, while cash represents 0.57%.

Jadwa Aggressive Allocation Fund

Unit Price: SAR 111.2324
as of 29 June 2008

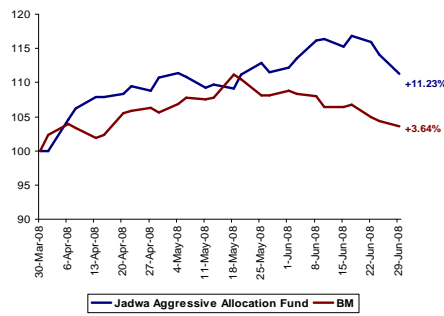
Fund Performance:

The unit price of the fund appreciated by 11.23% during the second quarter of 2008 while the benchmark increased by 3.64% over the same period.

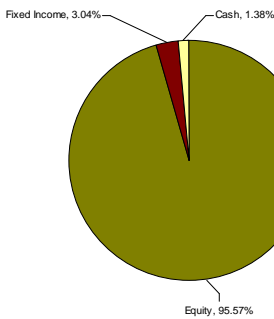
Fund Allocation:

As of 29 June 2008, fixed income represents 3.04% of the fund's allocation, equity represents 95.57% of the fund's investment, while cash represents 1.38%.

2Q 2008 Fund Performance vs. Benchmark



Asset Allocation as of 29 Jun. 2008

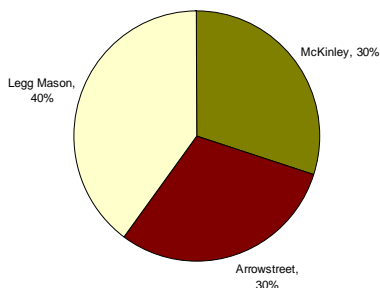




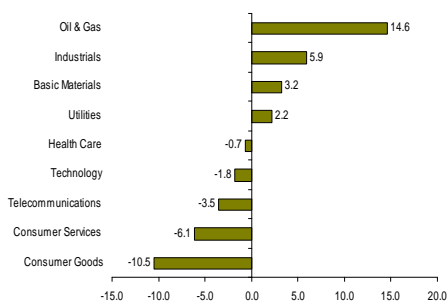
Jadwa World Equity Fund

Unit Price: USD 92.9971
as of 28 June 2008

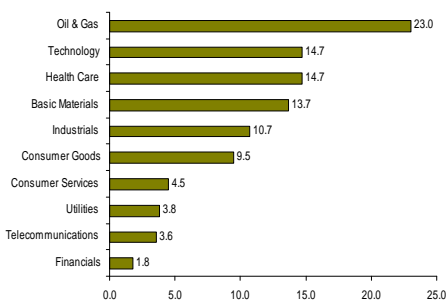
Fund's Underlying Managers



Fund Sector Returns (%)



Fund Sector Weights (%)



Fund Performance

Double digit gains of global markets made in the first six weeks of the quarter were eroded in the second half with concerns over increasing inflation and slowing global growth. The best-performing sector was oil & gas, following an increase in oil prices to above \$142 per barrel. Basic materials also performed strongly, whereas the worst-performing sector was consumer goods.

At the Fund level, stock selection, particularly in North American basic materials companies was the main detractor from performance for quant manager Arrowstreet and value-oriented Legg Mason. McKinley was the best performing manager. This manager benefited from its overweight to companies that revised outlooks upwards and underweight positions in companies that lowered their forecasts.

Quarterly Manager Performance

Manager Arrowstreet
Approach/Process Market Oriented with value bias

Russell analysis

An overweight position to and weaker stock selection within consumer goods, the worst-performing sector, detracted from Arrowstreet's performance as inflationary concerns and global economic slowdown had a negative effect on consumer confidence. Additionally, although it was overweight in the strong-performing basic materials sector, stock selection was poor.

Manager Legg Mason
Approach/Process Value

Russell analysis

The manager believes share prices within the basic materials sector remain unsustainable and therefore has been significantly underweight the sector which proved a large headwind over the quarter as the sector surged. Also its overweight position in US IT stocks particularly Yahoo! and SanDisk was a drag on performance. The manager's conviction in the long term prospects of both companies particularly at current valuations remains.

Manager McKinley
Approach/Process Growth

Russell analysis

McKinley benefited from strong stock selection and was rewarded by their overweight positions in coal mining equipment manufacturer Bucyrus International and online media company Sohu.com. The companies continue to benefit from strong earnings growth, influenced by growing demand for coal and the spending power of the growing Chinese middle class respectively.

Source: Russell

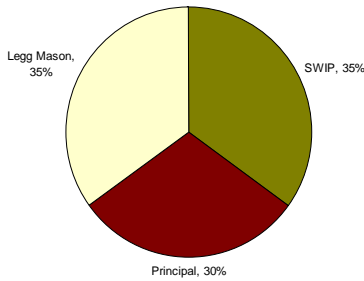
For more related information on this fund, please refer to the attached appendix (Russell Report)



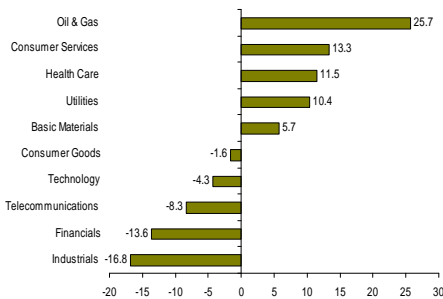
Jadwa Emerging Markets Equity Fund

Unit Price: USD 97.2736
as of 28 June 2008

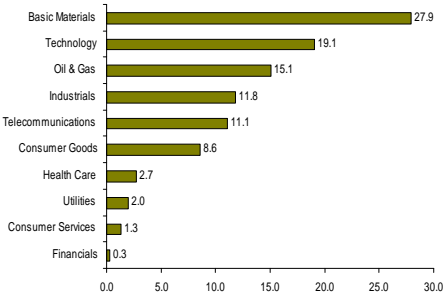
Fund's Underlying Managers



Fund Sector Returns (%)



Fund Sector Weights (%)



Fund Performance

Double digit gains of global emerging markets made in the first six weeks of the quarter were eroded in the second half by concerns over increasing inflation and slowing global growth. Asia was the worst-performing region, weighed down by Taiwan, where the authorities have reduced fuel subsidies, fanning inflation.

The Fund benefited from all three managers being underweight to Taiwan, primarily driven by concerns over a slowdown in the demand for IT, the main export of Taiwan. SWIP, the best-performing manager, benefited from its off-benchmark Shariah-compliant stocks in China such as Yanzhou Coal Mining, which the manager believes has strong growth potential. Additionally, its exposure to Brazil and Russia were key contributors. Principal performed strongly during the quarter and continued to benefit from its strong stock selection, particularly in materials and oil and gas stocks.

Quarterly Manager Performance

Manager Legg Mason
Approach/Process Market-Oriented/Value

Russell analysis

Value manager Legg Mason had strong performance during the quarter. An overweight position in Brazilian oil company Petroleo Brasileiro was particularly beneficial. The manager believes Petroleo Brasileiro is attractive because the company holds strategic reserves of oil, would be profitable even at much lower oil prices and because of continued demand for their product. The non-benchmark holdings in Russia were also positive.

Manager Principal Global Investors
Approach/Process Market - Oriented/Systematic

Russell analysis

Principal's systematic approach benefited performance with strong stock selection across almost all sectors. In particular, Taiwan Semiconductor Manufacturing Company, which the manager believes has the potential to grow earnings considerably, was a significant driver of performance.

Manager SWIP
Approach/Process Market - Oriented/Growth

Russell analysis

SWIP performed strongly during the quarter. An overweight position to Brazilian car rental franchise Localiza Rent a Car boosted returns as the company's share price rose due to positive earnings results. The large overweight to Russia was a strong tailwind to performance.

Source: Russell

For more related information on this fund, please refer to the attached appendix (Russell Report)

Shariah World Equity Fund

Appendix

Performance Review

	One Month %	Three Months %	Year to Date %	Since Inception % ¹
Shariah World Equity Fund (US\$ Net of Class A Fees)	-5.5	1.4	n/a	-6.7
DJ Islamic Market World Developed Index (US\$)	-5.2	3.6	n/a	-4.9
Fund Size US\$111.5 million				

¹ Inception date 03/01/2008.

Sector Analysis

Sector Exposure	Sector Weights % ¹		Fund Sector Returns
	Fund	Benchmark	
Basic Materials	13.7	12.9	3.2
Consumer Goods	9.5	7.4	-10.5
Consumer Services	4.5	5.5	-6.1
Financials	1.8	0.6	
Health Care	14.7	16.3	-0.7
Industrials	10.7	13.7	5.9
Oil & Gas	23.0	21.0	14.6
Technology	14.7	15.2	-1.8
Telecommunications	3.6	4.8	-3.5
Utilities	3.8	2.8	2.2

¹ Sector weights may not sum to 100% due to rounding.

Country Analysis

Country Exposure	Country Weights % ¹		Fund Sector Returns
	Fund	Benchmark	
Australia	2.9	3.0	17.7
Belgium	0.3	0.2	4.8
Canada	5.8	5.9	16.3
Denmark	1.0	0.6	6.9
Finland	0.4	1.2	11.4
France	3.9	3.5	12.1
Germany	8.8	3.3	4.3
Hong Kong	1.1	1.6	-15.9
Ireland	0.6	0.2	-0.6
Italy	0.6	0.7	4.1
Japan	3.7	7.0	-2.5
Netherlands	1.4	0.8	-0.7
Norway	0.1	0.7	6.5
Portugal	0.3	0.0	-5.9
Singapore	0.2	0.4	4.0
Spain	2.7	0.5	-11.3
Sweden	0.2	1.0	22.6
Switzerland	4.8	3.5	-2.9
United Kingdom	6.8	9.0	7.1
United States	50.8	56.6	1.5
Other	3.6	0.0	

¹ Country weights may not sum to 100% due to rounding.

Top Ten Holdings

Company Name	Country	Sector	Fund %	Benchmark %
ConocoPhillips	United States	Oil & Gas	2.5	1.0
Procter & Gamble Co.	United States	Consumer Goods	2.2	1.4
EnCana Corp	Canada	Oil & Gas	1.9	0.5
Taiwan Semiconductor Manufacturing Co., Ltd.	Taiwan	Technology	1.7	0.0
Total SA	France	Oil & Gas	1.7	1.3
Lonza Group AG	Switzerland	Health Care	1.6	0.1
BP PLC	United Kingdom	Oil & Gas	1.6	1.6
Gas Natural SDG SA	Spain	Utilities	1.5	0.1
Cisco Systems, Inc.	United States	Technology	1.4	1.0
BASF AG	Germany	Basic Materials	1.4	0.5

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Shariah Emerging Markets Equity Fund

Performance Review

	One Month %	Three Months %	Year to Date %	Since Inception % ¹
Shariah Emerging Markets Equity Fund (US\$ Net of Class A Fees)	-9.4	0.2	n/a	-3.7
Dow Jones Islamic Market World Emerging Markets Index (US\$)	-9.5	-3.0	n/a	-5.5

Fund Size US\$113.7 million

¹ Inception date 03/01/08.

Sector Analysis

Sector Exposure	Sector Weights % ¹		Fund Sector Returns
	Fund	Benchmark	
Basic Materials	27.9	28.2	5.7
Consumer Goods	8.6	5.5	-1.6
Consumer Services	1.3	1.7	13.3
Financials	0.3	0.3	-13.6
Health Care	2.7	1.9	11.5
Industrials	11.8	14.3	-16.8
Oil & Gas	15.1	13.6	25.7
Technology	19.1	20.7	-4.3
Telecommunications	11.1	11.9	-8.3
Utilities	2.0	2.0	10.4

¹ Sector weights may not sum to 100% due to rounding.

Country Analysis

Country Exposure	Country Weights % ¹		Fund Country Returns
	Fund	Benchmark	
Brazil	17.3	15.2	24.1
Chile	0.4	2.5	-21.5
China	5.5	--	7.9
Czech Republic	0.5	1.6	19.4
Hungary	0.0	1.0	-1.9
India	2.7	--	-21.9
Indonesia	2.7	3.9	26.2
Malaysia	1.0	3.4	-15.6
Mexico	10.0	6.2	-10.2
Philippines	0.0	0.5	-9.4
Poland	1.2	1.9	-0.2
Russia	8.1	--	1.6
South Africa	11.4	12.0	5.0
South Korea	16.8	25.1	-6.4
Taiwan	19.1	23.8	-4.9
Thailand	1.1	2.4	-16.3
Other	2.2	0.6	

¹ Country weights may not sum to 100% due to rounding.

Top Ten Holdings

Company Name	Country	Sector	Fund %	Benchmark %
Petroleo Brasileiro SA	Brazil	Oil & Gas	8.0	7.0
Samsung Electronics Co., Ltd.	South Korea	Technology	5.5	6.4
America Movil SA de CV	Mexico	Telecommunications	5.1	3.9
Taiwan Semiconductor Manufacturing Co., Ltd.	Taiwan	Technology	5.0	4.1
POSCO	South Korea	Basic Materials	4.8	3.3
Impala Platinum Holdings Ltd.	South Africa	Basic Materials	3.9	2.0
HON HAI Precision Industry Co., Ltd.	Taiwan	Technology	3.7	2.3
MTN Group, Ltd.	South Africa	Telecommunications	2.7	1.5
Cia Vale do Rio Doce	Brazil	Basic Materials	2.5	--
Gazprom	Russia	Oil & Gas	2.4	--

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