Mirzam Capital Appreciation Fund
January 2008 Fund Commentary by Albert Meyer

Rude Awakening For those who thought that the worst was behind them after the fourth quarter's 3.82% decline, the month of January 2008 brought a rude awakening. The New Year festivities were barely over when the S&P500 closed down 1.44% on the first trading day of 2008. It was downhill from there on until January 23 when the S&P500 hit a low for the month, down 13.5% from its close at the end of 2007. Fortunately, the S&P500 recaptured some of these losses and ended the month down "only" 6.12%. The fund, however, posted another positive month with a tiny 0.19% return in January 2008.

Performance Since the inception of the fund to the end of January 2008, the S&P500 declined 4.63%. The fund, on the other hand, posted a 5.99% positive return during this period.

Portfolio We used these times of panic selling to good effect by increasing our investment in equities by 82%. Cash as a percentage of total investments dropped from 74% at the end of December to 60% at the end of January. As noted last month, we will step up our purchases of equities to ensure that we continue to outperform the market, especially if there is a sharp rebound when such excess cash holdings will hurt performance.

At the end of January 2008, the fund's equity holdings were split 65%:35% between foreign and domestic stocks. The average dividend yield on the equity portion of the fund's portfolio is currently 3.42%.

Dose of Realism Amidst the doom and gloom evident in media reports, it is worth noting that at the close of 2007, Warren Buffett applied for a license to launch his own US bond insurer. On the pricing side, with increased risk of default, bond insurers hold a strong negotiating position when it comes to determining rates. Buffet must be happy with this situation. The other side of the equation is the risk of default. Does this mean that Buffett thinks the risk of a major debt implosion is less likely and hence the risk reward equation favors him as the insurer? We certainly hope so.

Also in the last week of December 2007, Mr. Buffet made a bold move buying 60% of Marmon, the industrial conglomerate controlled by the Pritzer family for $4.5 billion. Note Warren Buffett's comment to CNBC on his latest investment, a sentiment that we share and that investors should keep in mind. "Marmon is our kind of company… it's in some very basic businesses but good businesses… The test will not be whether the stock market likes it today or tomorrow, the test will be where it is in 10 years… This is a large bet on America over a long period of time."

Vulnerable and Resilient In the final analysis, the best way to describe the US economy and its prospects for 2008 is in two words: vulnerable and resilient. The economy is vulnerable to the onset of a recession in the short-term. This will have a negative impact on stock prices. Our investment strategy is to invest in good businesses for the long-haul.

This means we ride out the peaks and troughs, making opportunistic purchases when the market sells off in a panic. We would love to avoid quarters with negative performances, but every portfolio is inevitably exposed to moves in the broader market. However, our investment approach is designed to minimize the negative impact of major sell offs and ensure a reasonably swift rebound in values.

The US economy is also resilient, as reflected by the reference above to the recent investment activities of Warren Buffett. The fact that the stock market eked out positive returns in 2007, despite the significant turmoil in the financial and housing markets, as well as other ancillary factors, is proof positive that the economy fires on more just a few cylinders. In a market-driven economy, lower prices, however painful at the time, present opportunities and awaken demand which restores equilibrium.

-Albert Meyer

You should carefully consider the investment objectives, potential risks, management fees, and charges and expenses of the Funds before investing. The Funds' prospectus contains this and other information about the Funds, and should be read carefully before investing. You may also obtain a current copy of the Funds' prospectus by calling (888) 693-8056.

The Funds' past performance does not guarantee future results. The investment return and principal value of an investment in the Funds will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the Funds may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling (888) 693-8056.

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