Global Prosperata Funds Inc.

Q2 2010 Economic Outlook
&
Global Iman Fund Update

For the period ending June 30, 2010

Highlights

- Markets down this quarter
- Global Iman Fund outperforms benchmark
- Fund overweight in US and China as Portfolio Advisor believes they will lead recovery

Overview

As a result of a slowing US economy and continuing fears over the European debt problems, markets were down during the second quarter of 2010. During this period there was much negativity floating around including whispers of a double-dip recession. Even though the markets were generally down, statistics still pointed to economic expansion. Inventories are continuing to expand but this positive indicator was overshadowed by continuing concern over the sovereign debt problems in Europe. In addition, the lack of intervention or even statements from the central banks continued to put downward pressure on the markets.

The Global Iman Fund (C$) was down 10.47% for Q2 and down 13.47% YTD for the period ended June 30, 2010. In comparison the benchmark (US$) for the Global Iman Fund, the Dow Jones Islamic Index Titans 100, was down 14.08% for Q2 and down 13.46% YTD over the same period. For Q2 the Fund outperformed the benchmark. The Canadian dollar was down 4.24% against the US dollar for Q2, which helped the return of the Iman Fund against the benchmark. For the Year to Date, the Canadian dollar is down slightly, 1.32% against the US dollar. So overall, even with a currency adjustment, the Global Iman outperformed the benchmark for Q2 and has matched the performance of the benchmark year to date.

The Fund lagged the benchmark slightly in the 1 Year category. This is due to the Fund's inception in March of 2009. The Fund had not reached the current level of assets and the Portfolio Advisor was still structuring the portfolio in anticipation of new assets coming into the fund, therefore it was unable to maximize its participation in gains made during that time. Also the significant appreciation of the Canadian dollar against the US dollar lowered the Fund's performance during this period. This lagging over 1 year should diminish as the Fund moves forward.

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In the benchmark, the defensive sectors outperformed the index. These sectors include telecoms, consumer staples and healthcare. Materials, technology and energy underperformed the index.

Moving forward, the Fund is well positioned to take advantage of gains as sluggish economies start to show life again. We are currently over-weighted in the US as we still see the US leading the economic recovery ahead of many other western nations, especially those in Europe. Within the US we see IT, Telecomm and Consumer Discretionary sectors performing well, so there are overweight positions in those areas. The same can be said for these sectors in other countries as well. We are also overweight in China. Even though growth has slowed in China, it still remains ahead of most other developed nations and will continue to do so.

	RATES OF RETURN *(as of June 30, 2010)*			
	1 Month	**3 Month**	**Year to Date**	**1 Year**
Global Iman Fund (CDN$)	-3.29%	-10.47%	-13.47%`	-6.01%
DJ Islamic Market Index Titans 100 (US$)	-3.86%	-14.08%	-13.46%	3.88%
MCSI World Index (US$)	-3.56%	-13.26%	-10.88%	8.02%
CDN$ (vs US$)	-1.35%	-4.24%	-1.32%	9.61%

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the simplified prospectus of the mutual fund. A copy of the simplified prospectus is available at no cost, by calling 1-888-918-1981 or email at info@nointerest.ca The indicated rates of return are the historical annual compounded total returns including changes in unit value and reinvestment of all distributions and does not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

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Capability Report – Islamic Global Equities

30 June 2010

1 Economic review

Global economy – June 2010

The inventory-fuelled expansion appears to be waning, with purchasing manager indices falling to a greater or lesser degree in most markets. With no interventions or substantial statements from central banks, markets were left to their own devices to interpret the turn in the leading indicators. On top of ongoing concerns about sovereign risk, this was sufficient to spark a further significant sell-off in risk. Talk of double-dips is resurfacing even though the PMI indicators globally still point to a fairly decent expansion. Markets may also be worried that the turn in leading indicators is a result of the fallout from sovereign risk, rather than the end of the inventory expansion. Since it will take several years to really resolve the sovereign issues, fallout for the real economy is of great concern. So far, at least, the data remains consistent with the inventory story, but further weakness would scare markets even more.

Summary

- Purchasing manager indices turned from their peak as the momentum from inventory faded.
- Risk sold off in response to the turn, as markets fear spillovers from the sovereign crisis

2 Market review

Q2 2010

With ongoing market concerns about a slowing US economy, the European debt crisis and fears of a hard landing in China, the Dow Jones Islamic Market Titans 100 Index was down 13.6% in the second quarter and almost all sectors delivered negative returns. The more defensive sectors such as telecoms, consumer staples and healthcare performed better than the index while energy, technology and materials were performed worse than the index.

Performance

% Return	Islamic Global Equities*	DJIM Titans Index	Difference
3 months	-15.17	-13.63	-1.54
YTD	-14.87	-12.51	-2.36
1 year	5.26	6.00	-0.73
3 years	-6.81	-7.68	0.87
5 years	1.73	1.51	0.21
Since inception	-1.68	-2.11	0.43

*UBS (Lux) Equity Fund – Islamic Global Equities (USD) (00581293) and DJ Islamic Market Titans 100 Index Daily in USD. Annualized p.a. returns gross of fees for periods longer than 1 year.

Results for individual client accounts may vary.

Source: UBS Global Asset Management.

Performance commentary – Q2 2010

- The strategy underperformed for the quarter due to stock selection.
- The biggest positive contributor was stock selection in telecommunications, driven by overweights to **KDDI and China Unicom.** China Unicom announced new tariffs and subsidies for 3G services that broadened China Unicom's addressable market and contributed to positive market sentiment that China Unicom could accelerate subscriber growth.
- Positioning in industrials (overweight **Siemens and Philips Electronics**) also positively contributed.
- Stock selection within health care (overweight health care equipment and services, **Medtronic)** was the largest detractor. Stock selection within Technology also detracted from performance (**Hewlett Packard and Hon Hai).**
- Other stocks that helped performance in the quarter were **SAP, Cnooc, and Marathon Oil**. Cnooc announced good results which showed strong production and revenue growth in 1Q 2010 which led to outperformance of the Chinese upstream energy company.
- Other stocks that hurt performance in the quarter were **BP, Posco, and Gilead Sciences**.
- **BP** was the largest detractor from performance at the stock level. BP is one of world's leading integrated oil and gas companies. Its shares have halved in the last couple of months following the large oil spillage from its Macondo well in the Gulf of Mexico which has yet to be fully contained. We believe that the shares are now discounting an unlikely worst case scenario and that the risk/reward balance has shifted in favour of starting to increase our position in the company. At the recent price of approximately £3 per share, the valuation assumes that the current containment effort fails, that BP is found to be 'grossly negligent' (ie deliberately and wilfully reckless) and is accordingly fined $40bn (based on a 50k barrels per day spill rate for the next 6 months). The current price also assumes economic damages which include the complete destruction of the Gulf Coast commercial fishing industry for 15 - 20 years as well as massive damage to the tourism industry. The key differences between what is factored into the current valuation and our base case scenario is that we expect containment to come earlier, the flow rate to be slower and that a lesser, but still serious, finding of 'negligence' is more likely which will result in a materially lower fine to BP. We also expect the damage to the fishing industry to last 'only' 5 years. Our analysis suggests that there is a strong valuation case for BP at this price and that the downside is very limited.
- While the near-term outlook remains challenging, we believe that the economic recovery has not been derailed by recent events. The portfolio remains tilted towards economic sensitivity. We view May and June's market correction as a buying opportunity. Valuation spreads have widened again and we are seeing plentiful stock opportunities across all sectors.

Attribution – Q2 2010

Country contributors & detractors		
Country	**Contribution %**	**Weighting**
China	0.36	OW
Germany	0.28	OW
Finland	0.24	Not Held
Netherlands	0.15	OW
Switzerland	0.03	Neutral
Total of top contributors	**+1.06**	
United States	-1.29	OW
United Kingdom	-0.47	UW
South Korea	-0.33	OW
France	-0.25	UW
Taiwan	-0.21	OW
Total of top detractors	**-2.55**	

Sector contributors & detractors		
Sector	**Contribution %**	**Weighting**
Telecomm Services	0.20	OW
Industrials	0.12	UW
Consumer Staples	0.05	UW
Utilities	0.00	OW
Total of top contributors	**+0.37**	
Healthcare	-1.01	UW
Information Services	-0.50	OW
Basic Materials	-0.45	UW
Energy	-0.28	UW
Consumer Discretionary	-0.14	OW
Total of top detractors	**-2.4**	

Attribution – continued

Stock contributors & detractors					
Stock	**Sector**	**Country**	**Weight**	**Return %**	**Contribution %**
China Unicom	Telecomm	China	OW	23.0	0.4
Nokia	Telecom	Finland	Not Held	-39.0	0.2
Sap Ag	Technology	Germany	OW	3.7	0.2
Philips Electronics	Industrials	Netherlands	OW	4.1	0.2
Cnooc Ltd	Energy	Hong Kong	OW	6.3	0.1
Total of top contributors					**+1.1**
BP	Energy	United Kingdom	OW	-49.4	-0.4
IBM	Technology	United States	Not Held	-3.2	-0.3
Posco	Basic Materials	South Korea	OW	-11.7	-0.2
Gilead	Healthcare	United States	OW	-24.6	-0.2
Astrazeneca	Healthcare	United Kingdom	Not Held	7.8	-0.2
Total of top detractors					**-1.3**

Attribution and Weights based on: UBS (Lux) Equity Fund – Islamic Global Equities (USD) (00581293)

Results for individual client accounts may vary.

Source: UBS Global Asset Management.

3 Current positioning (data as at 30 June 2010)

Active positions by country			
Positive/Overweights		**Negative/Underweights**	
Taiwan	2.4%	United Kingdom	-5.6%
Germany	2.3%	Sweden	-1.2%
Korea	2.0%	France	-1.0%
China	1.8%	Italy	-0.9%
Netherlands	1.1%	Denmark	-0.7%
Active positions by sector			
Positive/Overweights		**Negative/Underweights**	
Telecommunications	2.5%	Oil & Gas	-3.3%
Consumer Services	1.7%	Healthcare	-1.1%
Utilities	1.3%	Consumer Goods	-1.0%
Technology	0.8%	Basic Materials	-0.8%
Industrials	0.0%		
Active positions by stock			
Positive/Overweights		**Negative/Underweights**	
Lowes	2.9%	Johnson & Johnson	-3.1%
Posco	2.8%	IBM	-3.0%
Medtronic	2.6%	Exxon Mobil	-3.0%
KDDI Corp	2.4%	Coca Cola	-2.0%
UPS	2.3%	GlaxoSmithKline	-1.7%

* Positioning based on: UBS (Lux) Equity Fund – Islamic Global Equities (USD) P (00581293)

Positioning for individual client accounts may vary.

Source: UBS Global Asset Management.

Strategy

The largest sector bet in the portfolio is in telecommunications, due to the overweights to KDDI and China Unicom. The portfolio also has a significant overweight to consumer services, due to sizable holdings in Lowes and Walmart. Within utilities, we like Exelon, and within technology, we like hardware and equipment, namely Hewlett-Packard and Intel. We are finding select opportunities in industrials, with overweights in UPS and Siemens.

The largest sector underweight is in oil and gas with an underweight to Exxon Mobil. The portfolio is also notably underweight healthcare, driven by the underweight to pharmaceuticals and biotechnology.

From a country perspective, the largest overweight is to Taiwan and the largest underweight is to the United Kingdom.

The fund remains focused on Sharia-compliant equities taking into consideration factors including the company's quality of management, income, growth potential and market position.

Trade activity – Rationale

Largest purchases & sales – Q2 2010				
Trade	**Stock**	**Sector**	**Country**	**Rationale**
Purchases				
None				
Sales				
Sell	KDDI	Telecomm	Japan	Removed from the index

4 Outlook

Fears that the US economy is slowing sharply, worries about a hard landing in China and the European debt crisis have seen volatility levels soar again and the market reaction to these worries has been swift and sharp. However, we do not believe that the global recovery has been derailed to the extent that has been priced into many shares, and we see an increased opportunity set across all sectors as prices have fallen indiscriminately and valuation spreads have widened out again.

Portfolio characteristics

UBS risk model:		
Active risk	2.93%	
Beta	0.99	

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