MAKASEB EMIRATES EQUITY FUND

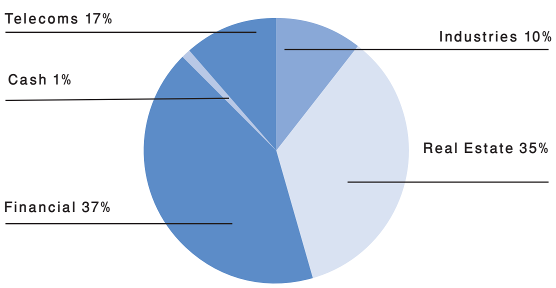
Fact Sheet for March 2006

Executive Summary

Fund Type	Open-End Fund
Domicile	Bahrain
Currency	US Dollar
Regulator	Bahrain Monetary Agency
Net Asset Value	Bi weekly
Subscription	Bi weekly
Redemption	Weekly
Management fee	1.5% p.a.
Investment Manager	Mashreqbank psc
Share Registrar	Ernst & Young, Bahrain
Administrator	Gulf Investment Corporation
Custodian	Gulf Investment Corporation
Auditor	Deloitte & Touche
Primary listing	Bahrain Stock Exchange

Performance Summary

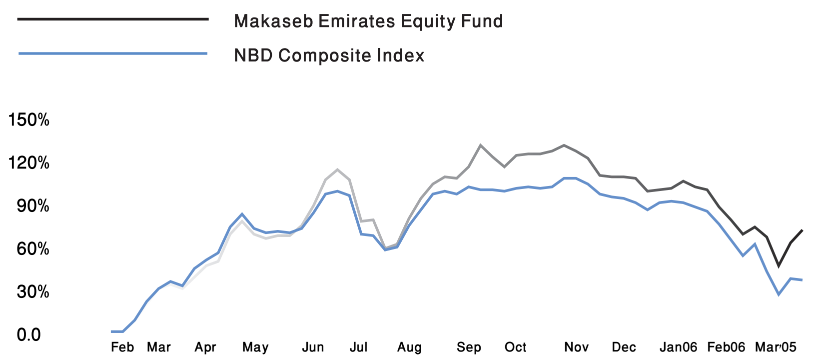
NAV (Mar 29, 2006)	USD 17.20
Dec 2005	-5.00%
Jan 2006	-6.70%
Feb 2006	-4.76%
Mar 2006	-3.77%
Since Inception (Feb 8, 2005)	72.03%



Investment Philosophy

Makaseb Emirates Equity Fund (MEEF) aims to achieve long term capital appreciation through investment primarily in shares listed on the UAE stock exchanges. The MEEF portfolio is constructed after careful evaluation of various factors including the liquidity of the stock, company fundamentals, profitability, and overall portfolio risk considerations.

Performance Chart



Overview and Outlook

The UAE stock markets witnessed a trend reversal during the month. The month started on a negative note with the Dubai Financial Market ("DFM") declining by 29.2% and Abu Dhabi Securities Market ("ADSM") declining by 15.3% during the first two weeks. However, the second half of the month witnessed a strong rally in both the DFM and the ADSM which recovered sharply by 12.7% and 12.6% respectively. This brought the month end decline for DFM to 20.2% and that of ADSM to 4.7%.

The latest rally in the two markets was highlighted by above average trading activity across the board which is a healthy indicator of a sustainable recovery. DFM in particular saw brisk activity with trading volume reaching a five month high to 3.77bn. A similar increased activity was witnessed on ADSM. The month saw refunds from IPOs of Emirate Integrated Telecommunications Company ("EITC") and Tamweel which amounted to USD 184bn - representing 158% of UAE GDP. Although the bulk of IPO funding was made through borrowed capital, our estimates suggests that about 10% or USD18.4bn represented equity capital which found its way to the capital markets thus fueling a rally during the later part of the month. The market upturn was led by the financial services sector in anticipation of robust earnings from banks and diversified financials for the 1QFY2006.

Your fund lost 3.77% during the month; however, it managed to outperform the benchmark by over 10%. Your fund benefited from the stock selection in the financial services sector and thus was able to ride the recovery due to its positions in banking and diversified financials category. Your fund also benefited from a huge rally in Amlak Finance Company which appreciated by 44.5% during the last two weeks. The company is seeking approval from the Central Bank of UAE to convert to an Islamic Bank. The change in the business model would give the company access to retail funds which would substantially bring down its cost of funding. This would enable the company to effectively compete with the commercial and Islamic banks who are venturing into the mortgage finance business. Your fund also benefited from its position in the banking sector stocks which saw favorable price movement on account of expected incremental earnings from the two big IPOs during the first quarter of 2006. Income from IPO activity is expected to more than off-set trading and investment losses of the banks due to correction in the UAE capital markets. We expect sector earnings to beat market expectations and the thus see more room for capital gains in the banking sector stocks.

Going forward, we expect the recovery to continue. However, corporate earnings for the first quarter would largely determine the momentum of recovery. In terms of relative valuations, the market has come down to the level of early 2005 multiples before the first bull rally picked up. In this respect, March's recovery may prove to be a stepping stone for another bull run.

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