

## Fact Sheet for October 2006

### Executive Summary

Fund Type	Open-End Fund
Domicile	Bahrain
Currency	US Dollar
Regulator	Bahrain Monetary Agency
Net Asset Value	Each Sunday and Wednesday
Subscription	Each Monday and Thursday
Redemption	Each Monday and Thursday
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

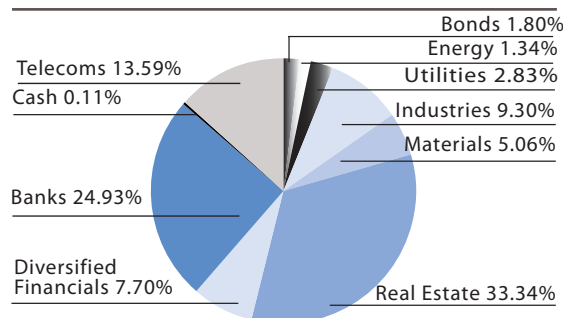
### Performance Summary

	Makaseb Emirates Equity Fund	MSCI U.A.E Index
NAV (October 29, 2006)	USD 13.54	
October 2006	-1.58%	-1.65%
Septemehr 2006	-0.01%	0.61%
August 2006	10.26%	11.25%
July 2006	-0.54%	-3.00%
Since Inception (Feb 8, 2005)	35.43%	26.40%

### Top 5 Holdings

Stocks	Weight
Emaar Properties pjsc	29.2%
Emirates Telecom Corp	13.6%
Abu Dhabi Commercial Bank	8.2%
First Gulf Bank	7.8%
Dubai Islamic Bank	7.7%

### Sector Allocation



For more information please contact

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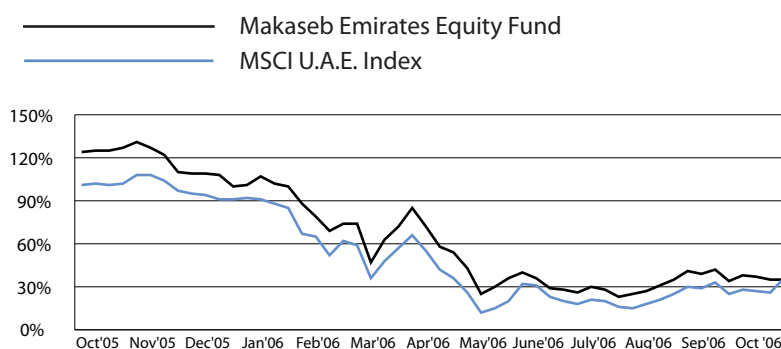
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WKN: A0J3RM  
ISIN: BH000A0J3RM7  
BLOOMBERG CODE: MAKEEFD BI

### 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

UAE markets have continued their negative performance on October after taking an interval during the month of August. Ramadan season had its effect on the markets as the month witnessed significant decline in market activity with dull market sentiment.

Dubai Financial Market ended the month on red with the general index registered a loss of 1.30% with subdued price action and calmer trading during Ramadan. It seems that retail investors still keep a cap on their bullish sentiments given the massive correction triggered late last year. Banking sector was the major contributor to the negative performance as its third quarter results disappointed the investors and raise concerns about the sector performance in the next year given the expectations of real estate slow down. DU drew the market attention as the stock gained 12% during the month with heavy trading value on unjustified basis.

Abu Dhabi Securities Market was adversely affected the most during the month by Abu Dhabi banks weak results which push the general index to regress by 3.16% with low trading value. Abu Dhabi banks third quarter results came below expectation which was heavily influenced by the lack of IPO activity and a decline in interest spread.

Your fund lost 1.58% outperformed the benchmark by 7bps due to our underweight in banks. Aside from banks third quarter results so far came in line with our expectation with Emaar and Etisalat continued to show solid growth.

We maintain our positive medium to long term view, on account of the robust fundamentals of the economy and the strong regional liquidity. Furthermore, although easing of oil prices are likely to have a downside bearing on expectations, the longer term outlook is supportive of gains. Indeed, the swift growth of Islamic Finance could prove a key regional dynamic, as local banks and other financial institutions broaden the range of sharia-compliant products. As such, while we do not see any dramatic move to the current sideways trading in the short-term, we still maintain an upside bias when the time horizon is stretched.