

Makaseb Emirates Opportunities Fund July 2005

Investment Objective:

To out perform the broad UAE capital markets by using a dynamic asset allocation strategy. The Fund will invest primarily in the shares of companies listed in the stock exchanges of the UAE.

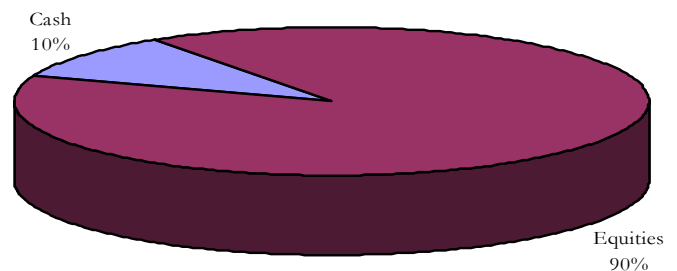
Executive Summary

Fund Type	Open-End Fund
Domicile	Bahrain
Currency	US Dollar
Regulator	Bahrain Monetary Agency
Net Asset Value	Weekly
Subscription	Weekly
Redemption	Weekly
Management fee	2.00% p.a.
Investment Manager	Mashreqbank psc
Share Registrar	Ernst & Young, Bahrain
Administrator	Gulf Investment Corporation
Custodian	Gulf Investment Corporation
Auditor	Deloitte & Touche

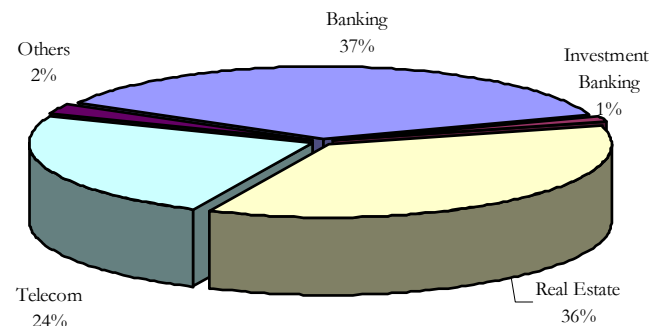
Performance Summary

NAV (Aug 7th, 2005)	USD 8.55
July	-17.70%
Since Inception	-19.20%

Asset Allocation



Sector Allocation



Overview and Outlook

July turned out to be a difficult month for capital markets in the region, with the UAE markets falling 16.7% for the month. The Fund was down 17.7% for July, despite the defensive positioning of the portfolio. As the ex date for Emaar's rights issue approached market volumes shrank as pivotal stocks like Etisalat and Emaar led the way down. Emaar's stock price fell 26.6% in July, while Etisalat ended 20.5% lower.

During the month, there was a marked decline in volumes, with liquidity falling by up to 80% compared to the recent past. In Dubai the sharp reduction in daily turnover was partly attributable to Emaar becoming ex-right, which resulted in the share price adjusting while the new shares are yet to be delivered. Consequently a fall in the value traded for Emaar was logical. However other stocks in Dubai and Abu Dhabi also suffered from lower liquidity. In such an environment of weak liquidity, it did not take a lot of retail activity to cause sharp declines in the market.

The Fund has reduced cash holdings as the market has recovered in the last week of the month. However volumes remain conspicuous by their absence and the subscription to various rights issues (Emaar, Amlak) has started or will start in the near future. The Fund is now more than 90% invested, and will continue to position the portfolio to capture any sustained market moves.

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