

Makaseb Qatar Equity Fund

October 2005

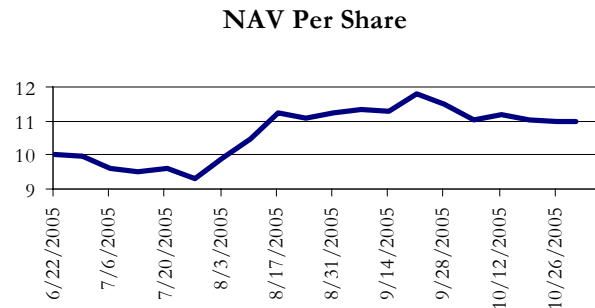
Investment Objective:

To achieve long term capital appreciation through investing mainly in shares of companies listed on the Doha Stock Market.

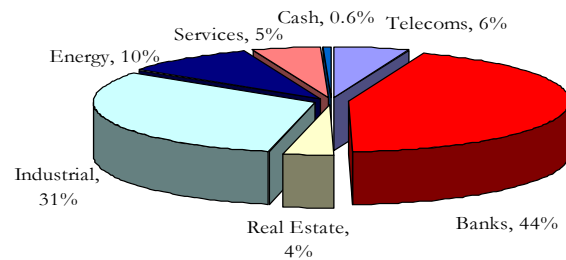
Executive Summary

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% p.a.
Investment Manager	Mashreqbank psc
Share Registrar	Ernst & Young, Bahrain
Administrator	Gulf Investment Corporation
Custodian	Gulf Investment Corporation
Auditor	Deloitte & Touche

Relative Performance Chart



Asset Allocation



Performance Summary

NAV (Oct 31, 2005)	USD 11.01
August	18.43%
September	2.49%
October	-4.1%
Since Inception (Jun 22, 2005)	10.0%

Overview and Outlook

October witnessed record 3rd Quarter profits by the listed companies in Qatar. Twenty nine of the thirty two listed firms in Doha Securities Market (“DSM”) announced their results. These companies on the whole posted an impressive 46% earnings growth over the corresponding period last year. However, the market failed to respond to strong earnings results and witnessed little activity due to drop in liquidity. Trade value to market capitalization declined by 50% for October compared to that for September. The market remained range bound and Qatar Securities Index (“QSI”) marginally declined by 0.5%. Investors’ interest was focused mainly on the insurance sector followed by service sector while the main sectors namely banking and industrial sectors remained under pressure.

Makaseb Qatar Equity Fund (“MQEF”) declined by 4.1% during the month. Although our positions are fundamentally sound, the outflow of liquidity from the market towards the end of the month in the wake of Eid-ul-Fitar restricted favorable stock price movement. Industries Qatar announced exceptional 9-months results, posting 38% earnings growth. However, this did not support its stock price which declined by 2.2% during the month. Similarly, Qatar Islamic Bank (“QISB”) posted record earnings with 3rd quarter earnings growth of 89%, but the stock price declined by 2.0%. On the other hand, the fund generally benefited from its overweight in Qatar International Islamic Bank (“QIIB”). QIIB posted record earnings for the 3rd Quarter resulting in an earnings growth of 380% and the stock price appreciated by 6%.

Better than expected earning results by most of the companies have made valuations more attractive and we expect the market to respond strongly in the coming weeks as liquidity finds its way back into the market after Eid

Issued on November 2, 2004