

Fact Sheet for January 2008

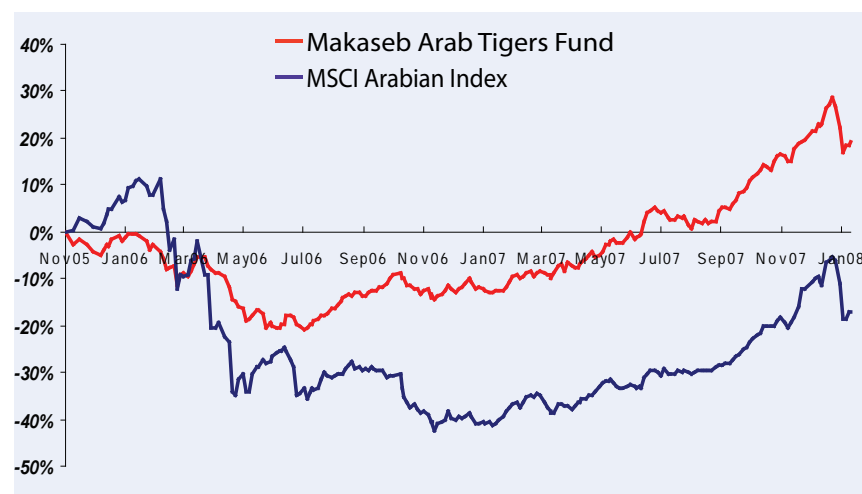
Investment Objective

Makaseb Arab Tigers Fund (MATF) aims to achieve long term capital appreciation through investing mainly in shares of companies listed on the Stock Exchanges of the Middle East and North Africa region.

Fund Information

Fund type	Open-End Fund
Domicile	Bahrain
Currency	US Dollar
Regulator	Central Bank of Bahrain
Net Asset Value	Each Sunday and Wednesday
Investment Manager	Mashreqbank psc
Share Registrar	KeyPoint Consulting W.L.L., Bahrain
Administrator	Gulf Investment Corporation
Custodian	Gulf Investment Corporation
Auditor	Deloitte & Touche
Primary listing	Bahrain Stock Exchange
Subscription	Each Monday and Thursday
Redemption	Each Monday and Thursday
Management fee	2% p.a.

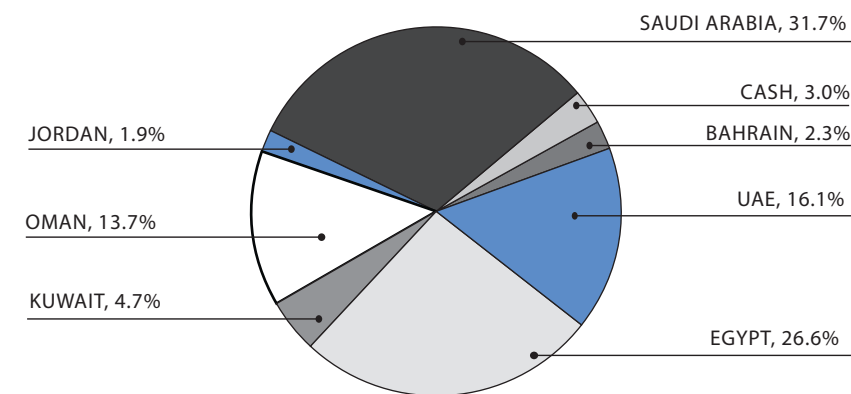
Performance Chart since inception



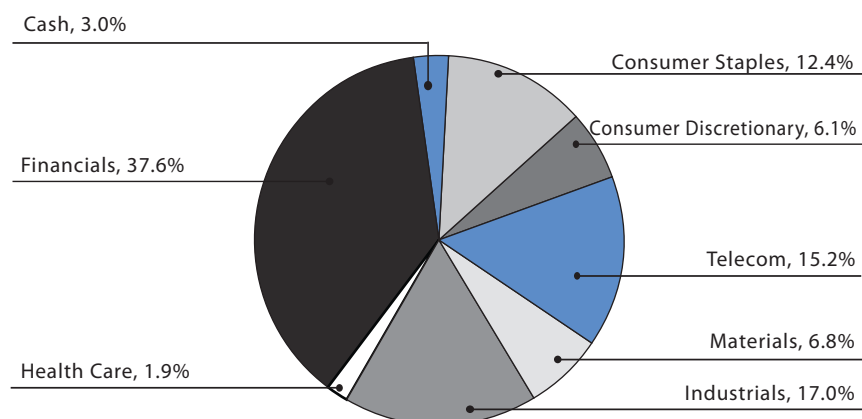
Performance Summary

	MATF	MSCI Arabian Index
NAV (January 30 ,2008)	US\$11.84	
Since inception (Nov 22, 2005)	18.4%	-17.3%
YTD-2008	-3.8%	-7.5%
January 2008	-3.8%	-7.5%
Year 2007	39.0%	48.2%
Year 2006	-8.1%	-40.7%
Year 2005	-3.8%	1.8%
No. of Holdings	26	181
Max. Monthly Gain	7.9%	12.7%
Max Monthly Loss	-9.9%	-15.5%
Beta	0.28	
R-Sq	34.2%	
Ann. SD	11.2%	21.5%
Sharp Ratio	0.5	-0.5
Treynor Ratio	0.3	
Information Ratio	2.0	

Regional Allocation



Sector Allocation



Fact Sheet for January 2008 Contd.

Top 5 Holdings

Stock	Weight
EFG Hermes Holding SAE	8.2%
Almarai Co.	7.3%
Savola Group	5.2%
Commercial International Bank	5.2%
Jarir Marketing	5.1%

Fund Codes:
WKN: A0J3RQ
ISIN: BH000A0J3RQ8
BLOOMBERG CODE: MAKATFD BI
ZAWYA CODE: MAKARBT.MF

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Fund Manager's Commentary

The New Year witnessed increased volatility as sub-prime woes coupled with an expected downturn in global economic environment continued to haunt investors across all asset classes around the world. Regional markets were not able to buck this trend. Local markets witnessed intraday price changes of up to 10% (in both directions); such panic was last witnessed about 2 years ago in the midst of 2006 market crash.

Luckily, rationality prevailed and most of the smaller markets were able to recoup their losses. Larger markets such as Dubai, Qatar, Egypt and Saudi Arabia are still down from their year high. The first three were victims of poor investor confidence and portfolio flows while the latter was a victim of poor corporate sector performance – particularly in the banking sector – and negative outlook on petrochemicals due to weakening macro environment in the developed world.

Region	Markets	Performance	
		Month to date	Year to date
GCC	Dubai	-8.0%	-8.0%
	Abu Dhabi	0.4%	0.4%
	Qatar	-2.8%	-2.8%
	Kuwait	7.3%	7.3%
	Oman	2.3%	2.3%
	Bahrain	2.4%	2.4%
	Saudi Arabia	-14.0%	-14.0%
North Africa and Levant	Jordan	4.1%	4.1%
	Morocco	9.9%	9.9%
	Egypt	-1.7%	-1.7%

Source: Bloomberg. All share indices used in calculation where available.
YTD→MTD: December 30 2007- January 30 2008

Your Fund lost 3.8% during the month, outperforming the benchmark MSCI Arabian Index by 3.7%. Our performance was primarily driven by our stock selection decision especially in Saudi Arabia. Our decision to underweight Banking and Petrochemical sector in the Saudi market gained us valuable performance points. Additionally, our exposure to Banking sector in Oman also gained us some performance. The Fund underweighted Morocco during the month and hence lost out an opportunity to gain beta exposure.

Performance Attribution	Market Selection	Stock Selection	Interaction	Relative Performance
Saudi Arabia	1.7%	5.9%	-2.5%	5.1%
Kuwait	-1.6%	0.0%	0.0%	-1.6%
United Arab Emirates	-0.1%	0.3%	0.2%	0.4%
Egypt	0.8%	-0.4%	-0.9%	-0.5%
Qatar	-0.2%	0.1%	-0.1%	-0.2%
Morocco	-0.6%	-0.3%	0.3%	-0.6%
Oman	1.3%	0.0%	0.1%	1.3%
Jordan	0.1%	0.0%	0.0%	0.1%
Bahrain	0.2%	-0.1%	-0.4%	-0.3%
Cash	0.0%	0.0%	0.0%	0.0%
Performance Attribution	1.6%	5.4%	-3.3%	3.7%

Note: Period: December 30 2007- January 30 2008

During January, a number of corporates announced their financial performance for FY2007. We aggregated financial performance of 153 companies listed in the MENA region which represents over 55% of the listed investment universe in terms of market capitalization. This sample posted an earnings growth of 15.2%. Although the profit number has not been normalized to account for exceptional items in FY2007 or FY2006, it does however provide us a glimpse of corporate sector profitability and business health in the region.

Contd

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Disclaimer: Performance data quoted represents past performance: past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed may be worth more or less than their original cost. Current performance of the Fund may be lower or higher than the performance quoted.

Fund Manager's Commentary Cont'd

Table1: Earnings Growth

Countries	No of Companies	YoY Profit Growth	Price to FY2007 EPS
Saudi Arabia	84	7.2%	18.5x
United Arab Emirates	28	24.2%	15.3x
Kuwait	20	29.7%	21.0x
Jordan	01	23.8%	19.9x
Qatar	11	34.1%	16.1x
Oman	03	39.9%	15.6x
Egypt	06	22.3%	17.6x
Total		15.2%	17.8x

Source: Bloomberg, Mashreq

Within the investment universe, Saudi companies posted weakest earnings growth of 7.2% - primarily due to poor banking sector performance which can be directly attributed to Saudi capital market activity during the year. Else where in the region, earnings growth excluding Saudi Arabia averaged over 25%. Even after adjusting for the inflationary environment, real earnings growth is still in double digits, this provides strong evidence of positive business environment in the region.

In terms of capitalization bands, small caps have posted phenomenal performance; however, with poor earnings quality. Large and mid-cap stocks in the sample posted 15% and 11% earnings growth respectively. Although results in the table below pertain to a sample which represents over half of the investment universe in terms of market capitalization, the numbers are quite encouraging.

Capitalization Band	No of Companies	YoY Profit Growth	Price to FY2007EPS	PEG Ratio
Q1 (smallest capitalization)	39	44.3%	19.9x	0.5
Q2	38	27.0%	16.4x	0.6
Q3	38	11.4%	17.2x	1.5
Q4 (largest capitalization)	38	14.9%	18.0x	1.2

Source: Bloomberg, Mashreq

Even though there are no deep discounts available in the region; MENA capital markets still offer value and are expected to provide investors returns that would adequately compensate for the risk associated with investing in frontier economies. Strong earnings growth, low correlation to developed and emerging markets and better growth prospects – both at macro and micro level – would continue to attract investors from developed and emerging economies alike. On the flip side, if US were to go into a recession the world economy would follow suite. This would weaken hydrocarbon demand. With huge investments already made in petrochemicals sector especially on the refining side, hydrocarbon prices would soften considerably. This would then show its effects through reduced government spending which has up till now provided huge fiscal stimulus and has largely been beneficial to the corporate sector. In the absence of fiscal stimulus corporate earnings growth would normalize to mid to high single digit number with some commodity and cyclical industries experiencing negative growth. In our opinion markets participants have already factored in both scenarios in stock prices (albeit with different likely hood) and hence there is limited downside risk. We have a positive outlook on regional markets and believe that current market environment provides reasonable stock selection opportunities.

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