

Makaseb Emirates Opportunities Fund

August 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.

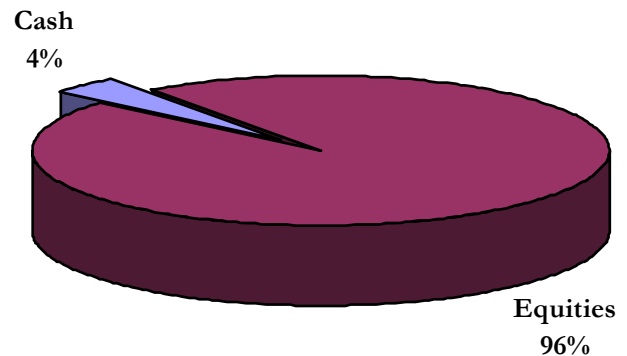
Executive Summary

Fund Type	Open-End Fund
Domicile	Bahrain
Currency	US Dollar
Regulator	Bahrain Monetary Agency
Net Asset Value	Weekly
Subscription	Weekly
Redemption	Weekly
Management fee	2.0% p.a.
Investment Manager	Mashreqbank psc
Share Registrar	Ernst & Young, Bahrain
Administrator	Gulf Investment Corporation
Custodian	Gulf Investment Corporation
Auditor	Deloitte & Touche

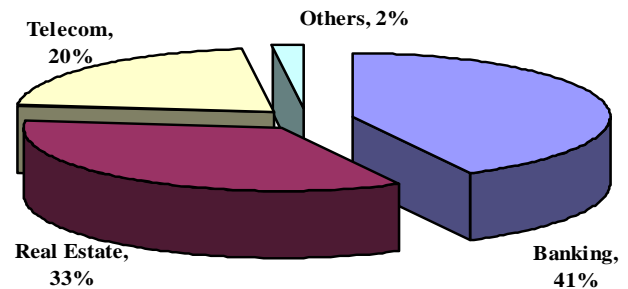
Performance Summary

NAV (Aug 28 th , 2005)	USD 9.5
August	17.5%
July	-17.7%
Since Inception	-5.0%

Asset Allocation



Top 5 Holdings



Overview and Outlook

August proved to be a strong month (July 31st through to August 28th) for UAE capital markets, with a gain of 22.1%. The rally picked up pace through the month, though significant gains during the first half of the month were recorded with anemic volumes. In the latter half of the month, liquidity also picked up, and markets rose on strong volumes. The Fund rose 17.5% for the month, almost erasing the sharp fall in July. Dubai Islamic Bank was the star performer, up 65.9% during the period while Emaar rose 36% during the month, and Etisalat proved to be a laggard, up 2% for the month. Thanks to the dramatic rise in Dubai Islamic Bank, the Dubai Financial Market rose 28% for the month, well ahead of Abu Dhabi, which advanced 12%. This sharp disparity in the performance of the two markets affected the returns of the Fund, as the portfolio was evenly positioned across both markets. The modest performance of the Telecom sector also negatively affected Fund returns, as 20% of the Fund is invested in the Telecom sector due to the attractive fundamentals of the sector. The market advance started on weak volumes and the Fund did not participate in this initial market move. The Fund will continue to carefully assess liquidity conditions in the future during the portfolio construction process, even at the expense of short term performance.

Oil prices have remained strong on the back of hurricane Katrina and are likely to remain firm in the near future. Though the macro underpinnings remain positive, the market still needs to work its way through capital calls. On the other hand the refund from Taaqa IPO will start hitting investor accounts, alleviating the liquidity drain to a certain degree. On balance, the market is poised at crucial levels and needs to clear current levels convincingly for a further sustained move upwards.