

MAKASEB EMIRATES OPPORTUNITIES FUND

Fact Sheet for June 2006

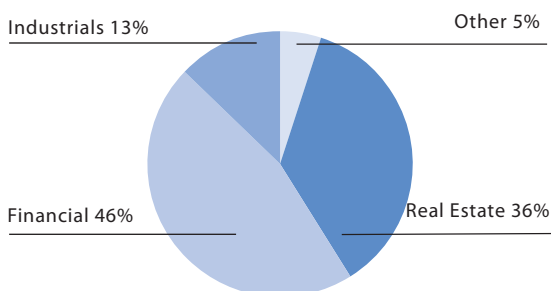
Executive Summary

Fund Type	Open-End Fund
Domicile	Bahrain
Currency	US Dollar
Regulator	Bahrain Monetary Agency
Net Asset Value	Bi weekly
Subscription	Bi weekly
Redemption	Bi 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
Primary listing	Bahrain Stock Exchange

Performance Summary

NAV (June 28, 2006)	USD 5.21
March 2006	-1.09%
April 2006	-11.91%
May 2006	-12.62%
June 2006	-11.65%
Since Inception	-47.93%

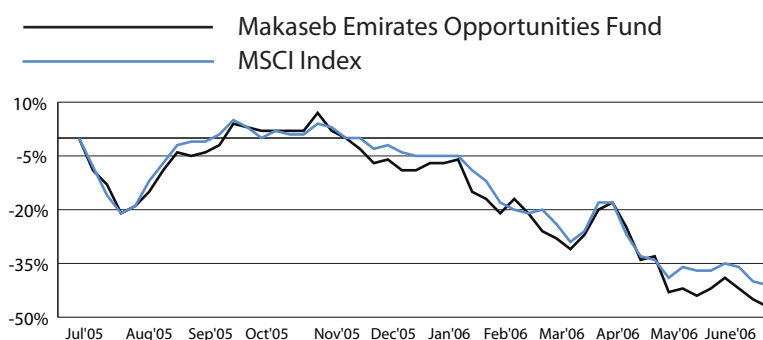
Asset Allocation



Investment Philosophy

Makaseb Emirates Opportunities Fund (MEOF) aims to achieve long term capital appreciation through investment primarily in shares listed on the UAE stock exchanges by using a dynamic asset allocation strategy. The MEOF portfolio is constructed after careful evaluation of market factors including liquidity and price action to determine the optimum market exposure. The monitoring and adjustment of Market exposure is dynamic, in order to take into account changing market dynamics.

Performance Chart



Since Jun 26 2005 up to Jan 25 2006 National Bank of Dubai Composite Index was the benchmark. Starting from January 25 2006, MSCI UAE Domestic Index is the benchmark

Overview and Outlook

The UAE markets continued to spiral downwards characterized by low volumes and driven by fears of worse than expected second quarter earnings – particularly in the banking and the real estate sector. Dubai Financial Market (DFM) lost over 10.14% during the month while Abu Dhabi Securities Market (ADSM) marginally declined by 0.25%. June's decline brings the DFM to the Dec 2004 level while ADSM is currently hovering around early 2005 mark.

Much of the current month's decline was concentrated in the banking and real estate sectors. Banking sector earnings are expected to see some level of normalization in the context of lackluster capital market performance and absence of major IPOs in the second quarter of FY2006. Anecdotal evidence suggests that activity in the real estate sector has slowed down. This might have an adverse effect on primary margins of real estate developers. However, rents – primary indicators of real estate sector – are still going strong and a precise call on underweighting the sector is difficult to make at this time.

Your fund lost 11.19% and under performed the benchmark by 5.42%. Bulk of the underperformance can be attributed to our overweight on Capital Goods and Diversified Finance segments of the market. Our exposure to Arab Technical Construction Company, Dubai Islamic Bank and Dubai Investment Company proved to be very expensive. On the other hand, our tactical underweight on Telecommunications gained us some breathing room.

We expect little activity in the market during the next month due to the start of summer vacations. It is important to note that the speculative asset price bubble formed in the UAE equities has been largely wiped out. However the question remains whether this will be followed by a prolonged bear market or the sentiments would change to reflect more correctly on the new scenario representing pockets of value opportunities. Amendment in the share buy back rules and approval to Emaar Properties and Abu Dhabi National Company for Building Materials for shares buy back should provide investors some solace in the short term. However, investors' reaction to 2QFY2006 earnings would provide the market the much needed direction and would determine the medium term course of action.

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