MAKASEB INCOME FUND

Makaseb مكاسب
FUNDS COMPANY II BSC (C) لصناديق الاستثمار ٢

Fact Sheet for August 2007

Executive Summary

Fund Type	Open-End Fund
Domicile	Bahrain
Currency	US Dollar
Regulator	Central Bank of Bahrain
Net Asset Value	Every Tuesday
Subscription	Every Wednesday
Redemption	Every Wednesday
Management Fee	1.25% p.a.*
Investment Manager	Mashreqbank psc
Share Registrar	Deloitte & Touche
Administrator	HSBC Middle East
Custodian	HSBC Middle East
Auditor	Deloitte & Touche
Listing	Bahrain Stock Exchange

* Management fee is reduced from 1.25 % to 0.75% effective from 1st August, 2007.

Performance Summary

NAV (August 28, 2007)	USD 10.24
1 Month	0.68%
3 Months	0.42%
YTD	1.85%
Since Inception (March 29, 2006)	2.41%

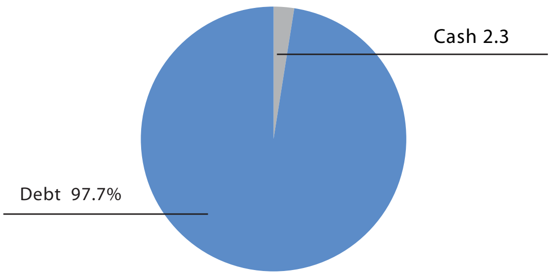
Top 3 Holdings

Security	Maturity	% Holding
Dar Al-Arkan	16-Jul-12	16.38%
United Gulf Bank	13-Oct-16	16.37%
PCFC Development Bond	23-Jan-08	12.92%

Income Summary

YTM	5.142%
3 month USD Libor (Average)	5.54%
Modified Duration	1.1077

Portfolio Composition



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WKN: A0J3RR
ISIN: BH000A0J3RR6
BLOOMBERG CODE:MAKAINC BI
ZAWYA CODE: MAKINCM.MF

Investment Philosophy

Makaseb Income Fund (MIF) primarily seeks to provide current income along with the stability of capital. Fund's secondary objective is to seek income growth over the long term. The Fund aims to achieve its investment objective by investing in a diversified portfolio of fixed and floating rate investments originating from countries in the GCC, MENA, South Asia and other emerging economies.

Investment Guidelines

(a) Investment in a single GCC country capped at 50% (b) Investment in a single country in MENA/South Asia capped at 50% (c) Total investment in other emerging economies capped at 20% (d) Investment in instruments issued by a single issuer capped at 20% (e) Investment in sub investment grade instruments capped at 75% (f) Investment in non rated instruments capped at 25%.

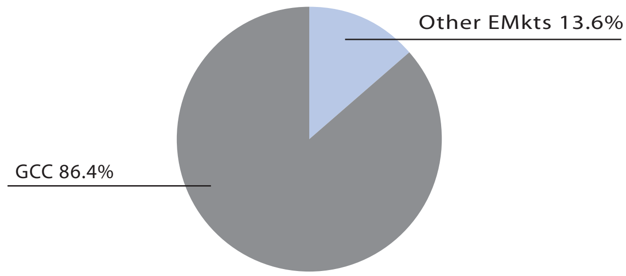
Overview and Outlook

In what was another volatile month in the international debt markets in which the US sub prime mortgage difficulties have continued to spill over into other debt markets, your fund NAV was up 0.68%. To put this return in perspective, the headline JP Morgan Global Emerging Markets Index (EMBI +) returned 0.88% over the same period, and UAE equities as measured by the MSCI UAE index declined by -1.48%. Much of our performance this month is attributed to our holding in Dar-Al-Arkan which has appreciated 1.41%, and our wider emerging market investments which have yielded 0.46%.

We believe with liquidity returning to the market with the end of the summer vacation period, and the likely intervention by the US Federal Reserve to stabilize the markets, debt markets may have hit the trough in this cycle. With regional economies and company fundamentals that under pin the capital markets still in place, a potential return to stability should see the fund return further significant positive returns in the short term.

Issued on 04 September, 2007

Regional Composition



Portfolio Rating Profile