

## Monthly Commentary



April 2009

Mashreq Asset Management offers comprehensive investment solutions to meet your needs. For more information, please contact:

Moomal Punjabi (+9714 207 8396)

[www.makaseb.com](http://www.makaseb.com)

[contact@makaseb.com](mailto:contact@makaseb.com)

### Contents

Performance Data  
Manager's Commentary  
Strategy Performance Details  
MENA in pictures

## Performance Data

MENA Equity Strategies/Benchmarks	Region	Total Return Net of Fees(%)				Annual Total Return(%)			
		Inception Date	April 2009	YTD 2009	YTD Value Added	2008	2007	2006	Since Inception
MEOF	UAE	6/26/05	4.4	14.5	10.0	-64.6	55.5	-44.5	-68.2
MSCI UAE Domestic*			-1.3	4.5		-68.8	43.3	-44.5	-75.4
MEEF	UAE	2/8/05	7.6	21.1	14.6	-72.7	50.2	-42.3	-42.8
MSCI UAE Domestic*			4.8	6.5		-68.8	43.3	-44.5	-49.3
MATF	MENA	11/22/05	9.6	5.0	2.8	-51.2	39.0	-8.1	-36.9
MSCI Arabian Index			15.2	2.2		-55.0	48.2	-40.7	-58.9
MQEF	Qatar	6/21/05	13.7	-14.3	7.3	-28.3	47.1	-39.2	-46.9
MSCI Qatar			6.2	-21.6		-28.3	47.3	-42.6	-48.8
MIF	MENA	3/29/06	3.5	-5.5	-11.9	1.7	3.2	-21.7	-23.1
MEIGTR			3.8	6.4		18.2	-11.8	-69.5	-79.7
Mashreq ATF	MENA	8/26/08	3.3	0.1	-2.1	1.0			1.1
MSCI Arabian Index			15.2	2.2		-47.7			-46.5

\* Performance difference is due to difference in last valuation date of the month for the Makaseb Emirates Equity Fund and the Makaseb Emirates Opportunities Fund.

Regional Indices	Country	Total Return(%)			Annual Total Return(%)			
		Peak Date	April 2009	YTD 2009	2008	2007	2006	Return since Peak
Saudi Tadawul Index	Saudi Arabia	2/25/06	19.6	17.1	-56.5	39.1	-52.5	-77.2
MSCI Saudi Domestic Index			21.7	13.7	-58.5	42.3	-52.3	
ADX General Index	Abu Dhabi	5/1/05	1.6	5.7	-47.5	51.7	-42.3	-60.1
MSCI UAE Domestic Index			2.5	6.5	-68.8	43.2	-44.5	
DFM General Index	Dubai	11/9/05	2.4	-1.9	-72.4	43.7	-44.4	-81.5
MSCI UAE Domestic Index			2.5	6.5	-68.8	43.2	-44.5	
Kuwait SE Index	Kuwait	6/24/08	12.0	-2.9	-38.0	24.7	-12.7	-56.9
MSCI Kuwait Domestic Index			8.9	-5.6	-47.1	27.1	-8.5	
Doha Stock Mkt Index	Qatar	9/20/05	14.7	-18.6	-28.1	34.3	-35.5	-62.1
MSCI Qatar Index			14.7	-19.9	-28.3	47.3	-42.6	
EGX 30 Index	Egypt	5/5/08	23.8	12.9	-56.4	51.3	10.3	-64.9
MSCI Egypt Index			19.9	7.1	-54.0	49.6	14.3	
Muscat Sec. Mkt Index	Oman	6/11/08	10.8	-5.7	-39.8	61.9	14.5	-61.8
MSCI Oman Index			12.5	-5.1	-47.0	51.4	-10.0	
Bahrain SE Index	Bahrain	6/15/08	0.0	-11.5	-34.5	24.2	1.0	-45.0
MSCI Bahrain Index			20.3	-13.3	-54.9	15.5	3.4	
Morocco CSE Index	Morocco	3/13/08	3.6	-0.5	-10.5	25.9	57.4	-29.2
MXMA Index			5.9	1.9	-9.4	32.4	48.3	

Commodities	Total Return(%)			Annual Total Return(%)			
	Peak Date	April 2009	YTD 2009	2008	2007	2006	Return since Peak
Crude Oil	7/3/08	14.6	5.6	-53.5	57.2	0.02	-65.8
Gold	3/14/08	0.7	-3.8	5.8	31.0	23.2	-8.4

Performance data quoted represents past performance and is not predictive of future performance. Returns are shown after deduction of all fees. The returns assume reinvestment of dividends and other income.

Sovereign Ratings	Standard & Poor's	Moody's	Fitch	EIU
<b>Gulf Cooperative Council</b>				
Kingdom Saudi Arabia	AA-/Stable/A-1+	Aa3/Positive	AA-/Stable/F1+	BBB/Stable
United Arab Emirates	AA/Stable/A-1+	Aa2/Stable	AA/Stable/F1+	BBB/Stable
Qatar	AA-/Stable/A-1+	Aa2/Stable	NR	A/Stable
Kuwait	AA-/Stable/A-1+	Aa2/	AA/Stable/F1+	A/Stable
Bahrain	A/Stable/A-1	Aa3/Negative	A/Stable/F1	BBB/Stable
Oman	A/Stable/A-1	Aa3/Stable	NR	A/Stable
<b>Levant</b>				
Jordan	BB/Stable/B	Baa3/Stable	NR	CCC/Stable
Egypt	BB+/Stable/B	Baa2/Negative	BB+/Stable/B	BB/Stable
<b>North Africa</b>				
Morocco	BB+/Stable/B	Baa2/Stable	BBB-/Stable/F3	BB/Negative
Tunisia	BBB/Stable/A-3	A3/Stable	BBB/Stable/F2	BB/Stable



## Manager's Commentary - Of Bear Market Rallies and V shaped Bottoms

The MSCI Arabian markets index rose 15.2% in April, finally turning positive for the year, albeit a marginal 2.2%. Within markets, Egypt was the star performer, up 23.8%, closely followed by Saudi Arabia with 19.6%. For the year, Saudi Arabia and Tunisia are now the best performing markets, both up over 17%.

During the month, corporate earnings for the quarter were broadly in line with expectations. Banks generally reported results that were on the weaker side, particularly with regards to balance sheet growth. For the top 10 banks (by market cap) in the region with details out so far, Net Loans are down 1% sequentially, while balance sheet size has fallen 1.5% for the quarter. For real estate companies, Emaar reported numbers that indicated the weakness of the underlying business. This was evident all the way from the revenue line down to net profit for the quarter. Across in Abu Dhabi, Aldar reported similar results, though the bottom line was boosted by valuation gains on investment properties. At the operating level, Aldar hardly made any money (AED14 million on almost AED 600 million of revenues) and a bit worryingly, spent at a blazing pace on existing projects, spending over AED 5 billion during the quarter alone. The strategy between the two companies could not be more different; Aldar is fairly liquid and is spending aggressively, with nothing to show yet in the operating column. Emaar on the other hand is in a conservative mode, looking to find out ways to ride out the current phase in its business.

In Saudi Arabia, Sabic produced a stunner for the quarter, reporting a loss of SAR 974 million for the quarter, on the back of a SAR 1.2 billion good will write down related to their plastics business. Excluding the write down, net profit would have been SAR207 million for the period; accounting for Sabic's share of Saudi Fertilizer's profit of SAR 525 million (SAR 225.6 million for Sabic) for the quarter implies that as a whole, Sabic's operating profit was about zero, undoubtedly due to the negative contribution of the plastics division. The woes of the auto industry globally hit the plastics business hard, and it is difficult to see this business bottoming quickly. Earnings for Sabic will continue to be impacted by both the operating performance of plastics, as well as probable good will write downs related to the business.

Despite the shock value of Sabic's earnings, operating performance for the region's corporates has been as expected. Market reaction to the same however may have caught some investors by surprise. Market strength (although over a very small period of time) in the face of weak operating performance may be perplexing to some, but makes perfect sense. Correlation between earnings and price performance in the short run is very low, and a

similar relationship (basically none!) holds between capital market returns and GDP growth numbers over the short term. Counter trend bear market rallies tend to be quick, and large. Investors should be clear that the entire region has been in a bear market since about late 2005-for an emerging market this is a pretty long bear, now almost 4 years and counting. The level of recent volatility, the almost universal sense of doom regarding the region's economic prospects, and reluctance of professional investors to participate (as evidenced by most regional funds having high cash and fixed income allocations) would suggest that the process of finding a bottom for this great bear market has started.

The above certainly does not mean that we have already witnessed the absolute bottom, though it is possible. What it does mean is that investors should start scaling back into risk assets. Typically, such counter trend rallies ultimately do run out of steam, and even if the ultimate bottom is already in place, investors will still do well to start putting on risk trades now rather than later. As long as there is significant skepticism about the sustainability of this run, the rally will most likely continue. The moment there is widespread belief that the economies have turned the corner and all is well will probably signal the time to lighten up. That this pattern will hold is the odds on bet, but far from certain. Hence investors will be well served by remaining cautious, scaling in gradually, and sticking to fundamentally sound names. Even though they may miss out on the dramatic advances by the more speculative names, they will still end up participating fairly well as long as they have some risk in their portfolios.

One interesting disclosure during the month was Tamweel's announcement of its 2008 performance. The figures are eerie, as if from another era almost. However they do provide a small indication of some of the challenges that the economy is likely to face. During the second and third quarters of last year, which probably heralded the period of maximum strength in the local real estate sector, Tamweel added almost AED 5 billion of mortgages (its loan book doubled in those two quarters) so that it ultimately ended the year just shy of AED 11 billion in mortgages after a quiet last quarter. Since most of these are new mortgages where the underlying collateral is yet to be handed over, the level of provisioning is miniscule; as of December, Tamweel had less than 85 bps of provisioning against its entire loan book. It is safe to assume that the ultimate level of provisioning required against at least the assets booked in the second and third quarters of last year (remember the 97% financing offers?) will be significantly above 85 bps. The good news from all of this was that according to news services Tamweel and Amlak's merger is likely to be finalized soon. Any such merger deal will need to address

the issue of recapitalizing the companies, and providing a sustainable source of funding. Converting the merged entity into a full service bank is being suggested as a potential solution, though it will still require recapitalizing the entity.

The bigger challenge for real estate in at least Dubai is end user demand. There is no doubt that the private sector in the entire region is in retreat, with the public sector aggressively attempting to pick up the slack. That economic activity is weak is evidenced by rapidly falling inflation across the region, not only for commodities and food, but more or less across the board now. Inflation penalizes lenders at the expense of borrowers; in a disinflationary environment, borrowers struggle to repay debt that is not declining in real terms. With regional economies likely to remain weak for the balance of the year, the outlook for Dubai's real estate sector does not

appear bright since the emirate's economy is among the more exposed to regional and global growth due to the dominance of leisure, real estate, and financial services in the economy.

Corporate earnings are not likely to provide much to cheer investors in the near term. Capital markets will remain volatile as investors take their cue from random variables (like the return of the S&P 500 Index from the day before!) with limited relevance for the region. A strategy of gradually adding risk to portfolios, while focusing on fundamentally sound names, will pay rich dividends over the long run. As yet, it is not the time to be adventurous.

Ibrahim Masood  
[IbrahimMa@Mashreqbank.com](mailto:IbrahimMa@Mashreqbank.com)

**Makaseb Arab Tigers Fund (NAV as at 30 April - USD 6.2984)**

**Inception Date: 11/22/05; Benchmark: MSCI Arabian Market Index**

**Performance**

	Total Return(%)		Total Return(%)			
	April	YTD	One	Two	Three	Since
	2009	2009	Year	Year	Year	Inception
MATF	6.0	5.0	-50.1	-32.3	-30.7	-36.9
MXARM	15.2	2.2	-53.1	-35.3	-48.9	-58.9

	Annual Return(%)			
	2005	2006	2007	2008
MATF	-3.8	-8.1	39.0	-51.2
MXARM	1.8	-40.7	48.2	-55.0

**Top Holdings(%)**

Almarai Co.	9.8
Jarir Marketing Co.	9.2
Emirates Telecom Corpotation	7.1
Air Arabia	6.1
Al Rajhi Bank	5.2



**Risk/Return Profile Since Inception**

	Fund	Benchmark
Excess Return	21.8%	
Beta	0.48	
Sharpe Ratio	-1.0	-1.2
Skewness	-0.8	-1.5
Kurtosis	7.8	7.7
Std. Deviation	16.3%	23.1%

**Risk/Return & Tracking**

	vs Benchmark
R-Square	38.2%
Information Ratio	1.2
Treynor Ratio	-0.4
Tracking Error	17.9%
Correlation	0.6

**Sector Weights(%)**

Sector	Fund	Benchmark
Insurance	2.6	0.1
Transport	6.1	2.1
Banks	10.8	35.6
Telecom	14.6	16.5
Utilities	3.6	1.8
Diversified Financials	4.7	4.5
Materials	6.9	21.4
Real Estate	7.0	6.8
Consumer Services	10.2	0.3
Energy	0.0	3.0
Pharmaceuticals	1.4	0.0
Retailing	4.9	0.1
Food & Beverage	9.8	2.2
Capital Goods	5.9	5.4
Cash	11.5	
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

**Characteristics**

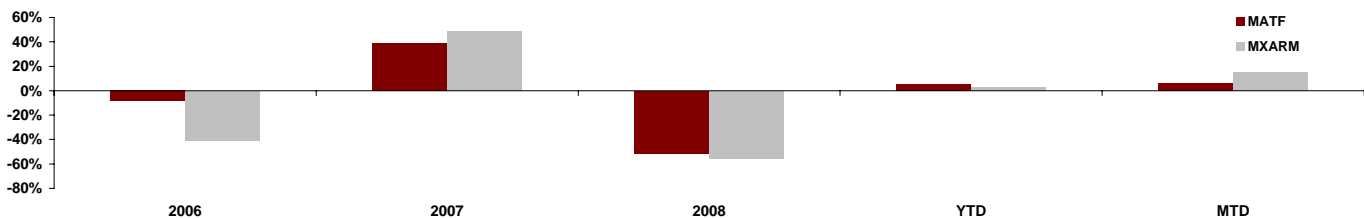
	Fund
Div Yield- 1Yr	4.6%
P/B	3.4
P/E	12.5
ROE	27.7%

**Regional Weights(%)**

	Fund	Benchmark
UAE	18.0	6.6
Saudi Arabia	51.1	48.7
Qatar	7.3	5.3
Egypt	9.3	8.0
Oman	1.5	2.2
Jordan	1.4	2.1
Bahrain	-	1.2
Kuwait	-	18.4
Lebanon	-	1.5
Morocco	-	5.7
Tunisia	-	0.4
Cash	11.5	
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

Source: Bloomberg, Mashreq

**Performance Chart**



**Fund Strategy**

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.

- The Fund earned 9.6% during the month while the benchmark MSCI Arabian Market Index earned 15.2% in the same period.
- Asset allocation dampened portfolio performance due to limited exposure to Banks and Commodity Chemicals. In particular benchmark heavy weights like Al Rajhi Bank and Saudi Basic Industries – though being part of the portfolio – are responsible for bulk of the performance gap.
- Stock selection again continued to have positive contribution to overall portfolio performance. We were able to pick winners in Financials, Industrials and Utilities that helped support portfolio performance and contributed significantly to April return.

**Fund Codes:**

WKN: AOJ3RQ  
 ISIN: BH000AOJ3RQ8  
 Bloomberg Code: MAKATFD BI  
 Zawya Code: MAKARBT.MF  
 Reuters ID: LP65038280  
 Lipper ID: 65038280

**Makaseb Qatar Equity Fund (NAV as at 29 April 09 - USD 5.3136)**

**Inception Date: 06/21/05; Benchmark: MSCI Qatar Index**

**Performance**

	Total Return(%)		One Year	Two Year	Three Year	Total Return(%) Since Inception
	April 2009	YTD 2009				
MQEF	13.7	-14.3	-50.0%	-7.9%	-32.3%	-46.9%
MXQA	6.2	-21.6	-53.4%	-12.3%	-38.7%	-48.8%

	Annual Return(%)			
	2005	2006	2007	2008
MQEF	-3.3	-39.2	47.1	-28.3
MXQA	7.7	-42.6	47.3	-28.3

**Top Holdings(%)**

Qatar National Bank	18.8
Qatar Industries	17.1
Qatar Telecom Q.S.C. (Q-Tel)	13.7
Commercial Bank Of Qatar	12.9
Qatar Electric & Water	12.4



**Risk/Return Profile Since Inception**

	Fund	Benchmark
Excess Return	1.9%	
Beta	0.9	
Sharpe Ratio	-1.6	-1.7
Skewness	-0.2	-0.5
Kurtosis	3.0	3.3
Std. Deviation	31.3%	31.4%

**Risk/Return & Tracking vs Benchmark**

R-Square	85.0%
Information Ratio	0.2
Treynor Ratio	0.6
Tracking Error	12.6%
Correlation	0.9

**Sector Weights(%)**

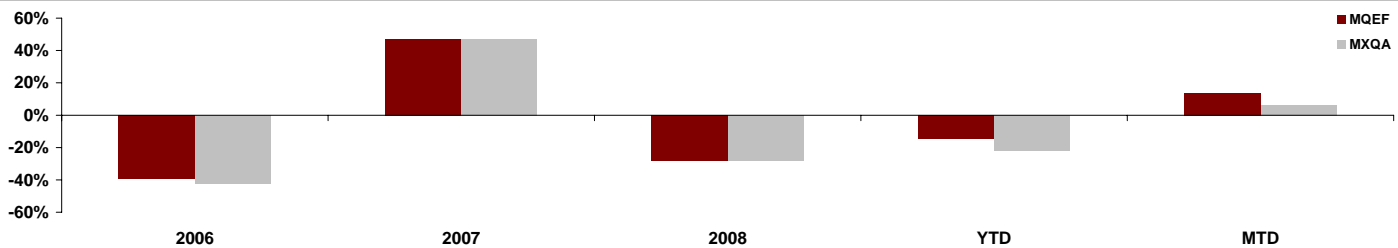
Sector	Fund	Benchmark
Banks	44.5	63.7
Capital Goods	17.1	9.6
Energy	4.8	10.3
Insurance	0.0	2.7
Real Estate	4.4	3.3
Telecom	13.7	5.8
Utilities	12.4	4.6
Cash	3.1	0.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

**Characteristics**

Div Yield- 1Yr	Fund 7.6%	P/E	Fund 8.1
P/B	2.59	ROE	25.9%

Source: Bloomberg, Mashreq

**Performance Chart**



**Fund Strategy**

Makaseb Qatar Equity Fund (MQEF) aims to achieve long term capital appreciation through investment primarily in shares listed on the Doha Stock Market. The MQEF portfolio is constructed after careful evaluation of various factors including the liquidity of the stock, company fundamentals, profitability, and overall portfolio risk considerations.

- The fund gained 13.7% during the month outperforming the MSCI Qatar Index by 7.5%
- Security selection added alpha as selection within the banking sector outperformed.
- Utilities and real estate sectors reversed last month's negative contribution with Qatar Electricity and Water and Qatar Real Estate Company advancing 24% and 29% respectively
- Energy also contributed positively to performance, with Qatar Fuel Company gaining 27% during the month

**Fund Codes:**

WKN: A0J3RN  
 ISIN: BH000A0J3RN5  
 Bloomberg Code: MAKQEFD BI  
 Zawya Code: MAKQTRE.MF  
 Reuters ID: LP65038278  
 Lipper ID: 65038278

## Makaseb Emirates Equity Fund (NAV as at 30 April 09 - USD 5.7220)

Inception Date: 02/08/05; Benchmark: MSCI UAE Domestic Index

### Performance

	Total Return(%)		Total Returns(%)			
	April 2009	YTD 2009	One Year	Two Year	Three Year	Since Inception
MEEF	7.6	21.1	-66.8	-50.0	-66.1	-42.8
MXAED	4.8	6.5	-66.5	-51.5	-70.8	-49.3

	Annual Total Return(%)			
	2005	2006	2007	2008
MEEF	99.9	-42.3	50.2	-72.7
MXAED	92.1	-44.5	43.3	-68.8

### Top Holdings(%)

Emirates Telecom	26.4
Aldar Properties	11.6
Dubai Financial Market	9.9
Emaar Properties	9.2
Dana Gas	7.3



### Risk/Return Profile Since Inception

	Fund Benchmark	
Excess Return	6.5%	
Beta	0.9	
Sharpe Ratio	-1.4	-1.6
Skewness	0.3	0.2
Kurtosis	3.3	3.5
Std. Deviation	34.6%	33.5%

### Risk/Return & Tracking

	vs Benchmark
R-Square	76.9%
Information Ratio	0.4
Treynor Ratio	-0.5
Tracking Error	17.2%
Correlation	0.9

### Sector Weights(%)

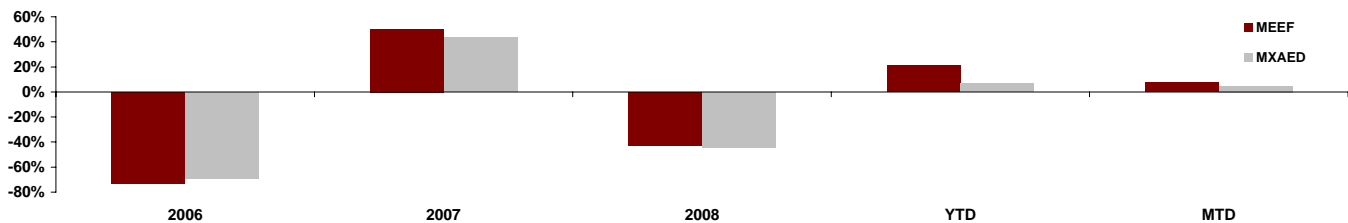
Sector	Fund	Benchmark
Banks	4.0	23.0
Capital Goods	6.3	0.0
Diversified Financials	9.9	10.0
Energy	8.3	3.5
Insurance	5.3	0.0
Materials	0.0	3.0
Real Estate	22.5	23.7
Telecom	26.4	27.8
Transportation	5.9	6.0
Utilities	7.3	3.0
Cash	4.2	0.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

### Characteristics

	Fund	Fund
Div Yield- 1Yr	3.3%	7.04
P/B	1.1	15.5%
P/E		
ROE		

Source: Bloomberg, Mashreq

### Performance Chart



### Fund Strategy

Makaseb Emirates Equity Fund (MEEF) aims to achieve long term capital appreciation through investment primarily in shares listed on the UAE stock exchanges. The MEEF portfolio is constructed after careful evaluation of various factors including the liquidity of the stock, company fundamentals, profitability, and overall portfolio risk considerations.

- The fund gained 7.6% during the month outperforming the MSCI UAE Index by 2.8%
- Our overweight in energy was responsible for most of alpha generated this month
- Tactical asset allocation in real estate, capital goods and diversified financial added to performance, meanwhile our underweight in banks detracted from performance.

### Fund Codes:

WKN: AOJ3RM  
 ISIN: BH000AOJ3RM7  
 Bloomberg Code: MAKEEFD BI  
 Zawya Code: MAKEMRE.MF  
 Reuters ID: LP65038277  
 Lipper ID: 65038277

## Makaseb Emirates Opportunities Fund (NAV as at 29 April 09 - USD 3.1720)

Inception Date: 06/26/05; Benchmark: MSCI UAE Domestic Index

### Performance

	Total Return(%)		Total Return (%)			
	April 2009	YTD 2009	One Year	Two Year	Three Year	Since Inception
MEOF	4.4	14.5	-63.4	-31.9	-52.9	-68.2
MXAED	-1.3	4.5	-66.7	-52.1	-63.8	-75.4

	Annual Total Return (%)			
	2005	2006	2007	2008
MEOF	-8.9	-44.5	55.5	-64.6
MXAED	-4.9	-44.5	43.2	-68.8

### Top Holdings(%)

Al-Dar Properties Pjsc	16.9
Arabtec Holding Co. P.J.S.C	15.48
Drake & Skull	13.35
Islamic Arab Insurance Compa	11.95
Air Arabia	10.82



### Risk/Return Profile Since Inception

	Fund	Benchmark
Excess Return	7.2%	
Beta	0.7	
Sharpe Ratio	-1.4	-1.7
Skewness	-0.8	-0.9
Kurtosis	11.7	4.7
Std. Deviation	51.9%	46.9%

### Risk/Return & Tracking

	vs Benchmark
R-Square	44.2%
Information Ratio	0.2
Treynor Ratio	-1.0
Tracking Error	31.8%
Correlation	0.7

### Sector Weights(%)

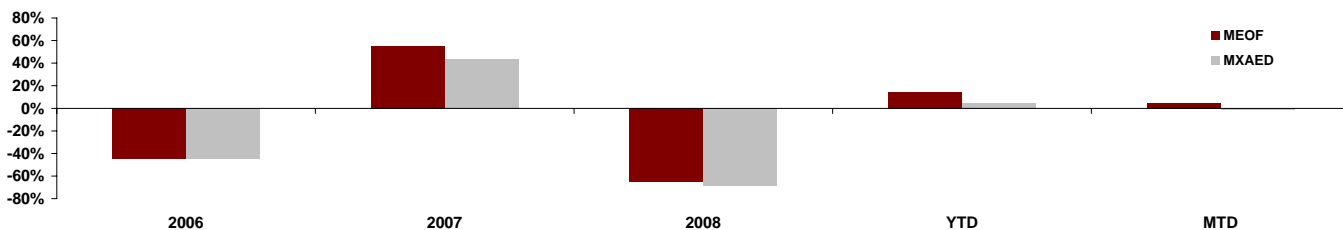
Sector	Fund	Benchmark
Banks	0.0	23.0
Insurance	12.0	0.0
Diversified Financials	10.4	10.0
Energy	0.0	3.5
Capital Goods	15.5	0.0
Real Estate	16.9	3.0
Telecom	0.0	23.7
Transportation	10.8	27.8
Utilities	0.0	6.0
Other	13.4	3.0
Bonds	7.4	0.0
Cash	13.7	0.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

### Characteristics

Div Yield- 1Yr	Fund	2.2%	P/E	Fund	5.91
P/B	Fund	1.61	ROE	Fund	14.8%

Source: Bloomberg, Mashreq

### Performance Chart



### Fund Strategy

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.

- MEOF gained 4.4% during the month whereas the benchmark MSCI UAE Index (MXAED Index) lost 1.3%.
- Asset Allocation contributed to the relative out performance of the fund. Our overweight position in Diversified Financials and Capital Goods and underweight position in Telecommunication Services generated alpha.
- Security Selection due to our overweight position in Air Arabia and IAIC detracted performance. However, DFM and Arabtec had a net favourable impact on portfolio's return.

### Fund Codes:

WKN: A0J3RP  
 ISIN: BH000A0J3RPO  
 Bloomberg Code: MAKEOFD BI  
 Zawya Code: MAKEMRD.MF  
 Reuters ID: LP65038279  
 Lipper ID: 65038279

**Makaseb Income Fund (NAV as at 28 April 09 - USD 7.6890 )**

**Inception Date: 03/29/06 ; Benchmark: HSBC/Nasdaq Dubai Middle East Investment Grade Sukuk/Bond Index**

**Performance**

	Total Return(%)		One Year	Total Return(%)			Since Inception
	April 2009	YTD 2009		Two Year	Three Year		
MIF	3.5	-5.5	-24.5	-24.4	-22.8	-23.1	
MEIGTR	3.8	6.4	-9.91	2.0	6.8	-2.3	

	Annual Return(%)		
	2006	2007	2008
MIF	2.23	3.24	-21.74
MEIGTR	5.71	3.64	-14.91

**Top Holdings(%)**

Ras Al Khaimah Capital	9.6
Emirates Bank	8.9
Abu Dhabi Commercial Bank	8.5
Ras Laffan Gas	8.2
Mubadala	7.0

**Regional Weights(%)**

	Fund
UAE	44.7
India	10.1
Saudi Arabia	7.7
Qatar	7.5
Indonesia	6.1
Bahrain	4.7
Kuwait	4.5
Russia	4.2
Singapore	4.1
Cash	6.4
<b>Total</b>	<b>100.0</b>

**Performance Summary**

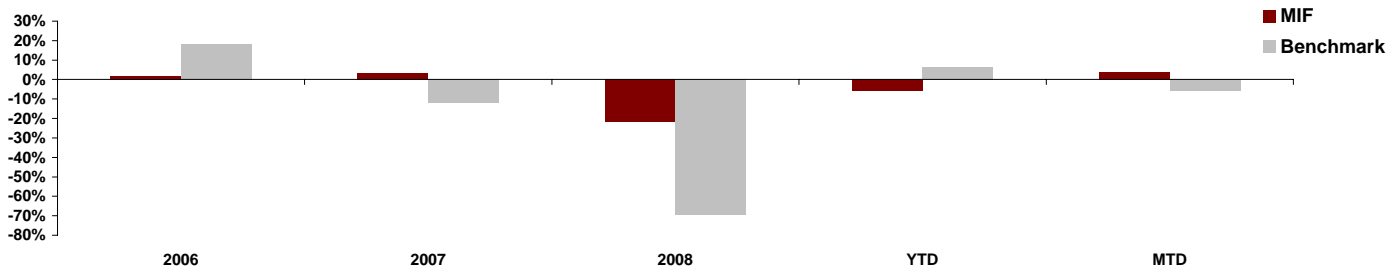
	Fund(%)	Income Summary	Fund
3 Month Return	5.4	YTM	10.31%
YTD	-5.5	3 month USD Libor	1.02
		Modified Duration	0.57

**Portfolio Composition**

	Fund(%)	Portfolio Rating Profile	Fund(%)
Bonds	93.6	AA+ to AA-	10.7
Cash	6.4	A+ to A-	34.7
		BBB+ to BBB-	14.5
		BB+ to BB-	6.9
		Na	26.8
		Cash	6.4
		<b>Total</b>	<b>100.0</b>

Source: Bloomberg, Mashreq

**Performance Chart**



**Fund Strategy**

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

- The fund gained 3.5% during the month as the regional fixed income market rebounded.
- High Grade Issues outperformed lower rated issues, hence issuer selection was key to performance.
  - Another key to performance was the allocation to the industrial sector which fared better than the financials.

**Fund Codes:**

WKN: AOJ3RR  
 ISIN: BH000AOJ3RR6  
 Bloomberg Code: MAKAINC BI  
 Zawya Code: MAKINCM.MF

**Mashreq Arab Tigers Fund (NAV as at 30 April 09 - USD 10.1061)**  
**Inception Date: 08/26/08; Benchmark: MSCI Arabian Market Index**

Performance	Total Return(%)		Total Return(%) Since Inception
	April 2009	YTD 2009	
MashreqATF	3.3	0.1	1.1
MXARM	15.2	2.2	-46.5

Top Holdings(%)	
Abu Dhabi Sovereign Bond	29.2
Qatar Fuel	9.4
Air Arabia	9.0
Islamic Arab Insurance Co. Industries Qatar	8.9
	7.2

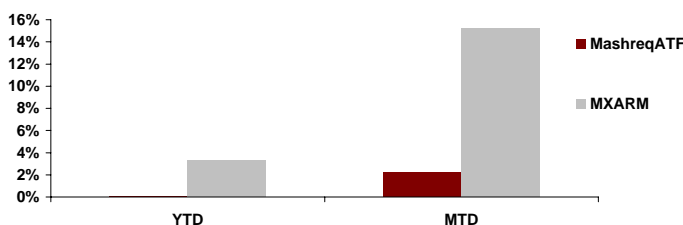
Risk/Return Profile Since Inception			Risk/Return & Tracking vs Benchmark	
	Fund	Benchmark		
Excess Return	47.6%		R-Square	0.6%
Beta	0.02		Information Ratio	1.3
Sharpe Ratio	-0.4	-1.8	Treynor Ratio	1.8
Skewness	4.2	-0.6	Tracking Error	36.2
Kurtosis	41.2	1.5	Correlation	-0.08
Std. Deviation	7.7%	35.1%		

Sector Weights(%)		
Sector	Fund	Benchmark
Insurance	8.85	0.1
Transport	9.0	2.1
Banks	4.7	35.6
Telecom	6.9	16.5
Utilities	5.4	1.8
Diversified Financials	3.1	4.5
Materials	0.0	21.4
Real Estate	0.0	6.8
Consumer Services	0.0	0.3
Energy	9.4	3.0
Retailing	0.0	0.1
Food & Beverage	0.0	2.2
Capital Goods	7.2	5.4
Bonds	29.2	0.0
Cash	16.4	0.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

Characteristics		Regional Weights(%)		
	Fund		Fund	Benchmark
Div Yield- 1Yr	4.2%	UAE	47.0	6.6
P/B	0.98	Saudi Arabia	0.0	48.7
P/E	6.5	Qatar	22.0	5.3
ROE	21.7%	Egypt	6.0	8.0
		Oman	8.7	2.2
		Jordan	0.0	2.1
		Bahrain	0.0	1.2
		Kuwait	0.0	18.4
		Lebanon	0.0	1.5
		Morocco	0.0	5.7
		Tunisia	0.0	0.4
		Cash	16.4	0.0
		<b>Total</b>	<b>100.0</b>	<b>100.0</b>

Source: Bloomberg, Mashreq

**Performance Chart**



**Fund Strategy**

The investment objective of the Portfolio is to seek long term capital appreciation through investments made primarily in equities of companies that are listed on Recognized Markets in the Middle East and North Africa ("MENA") region.

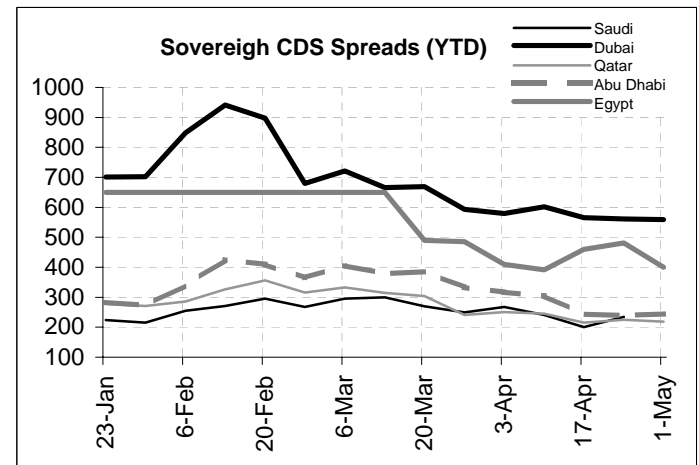
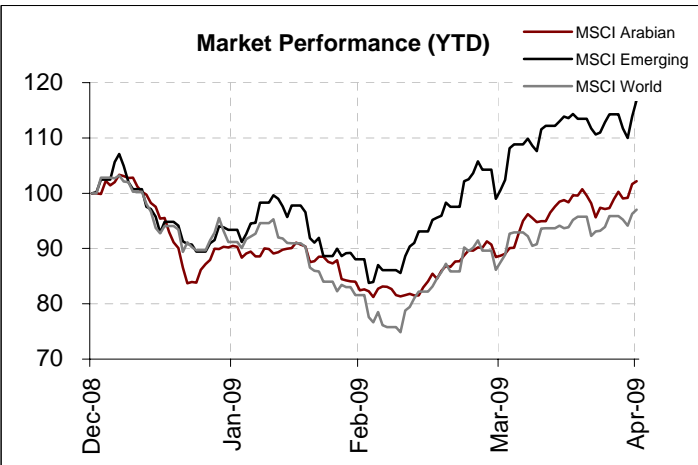
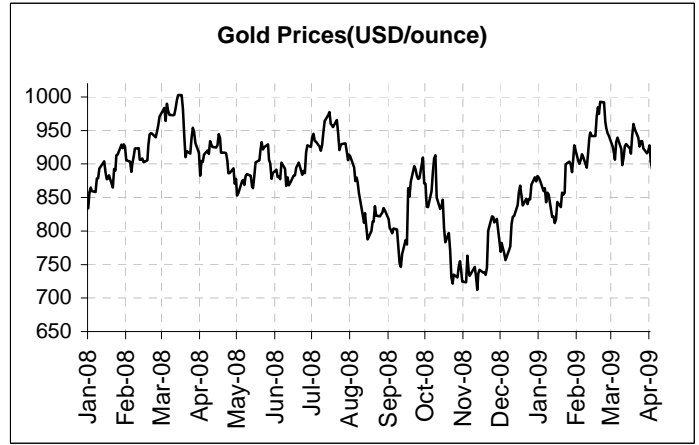
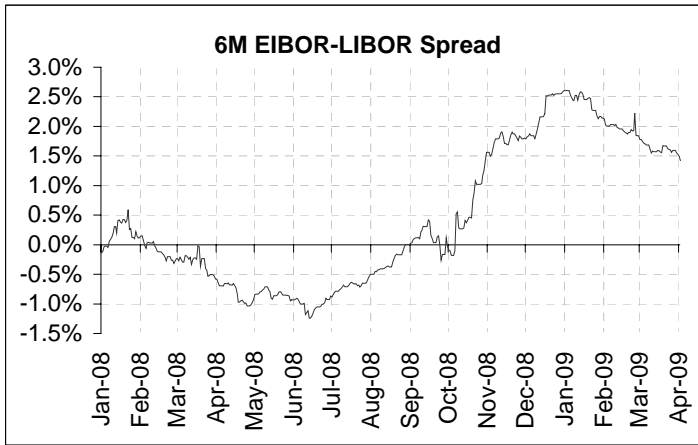
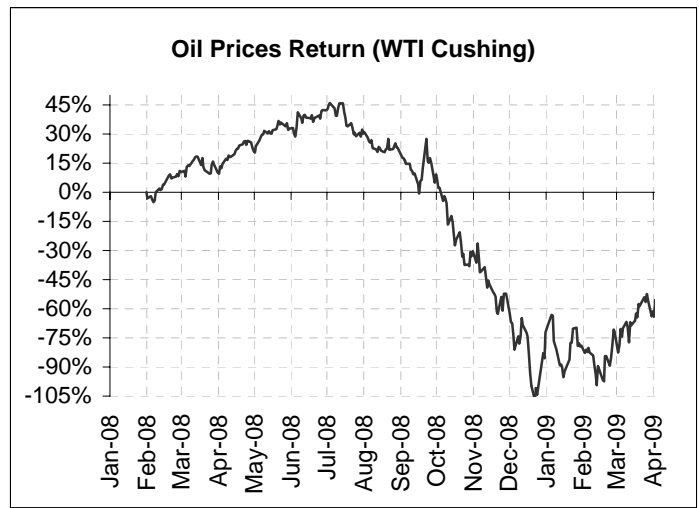
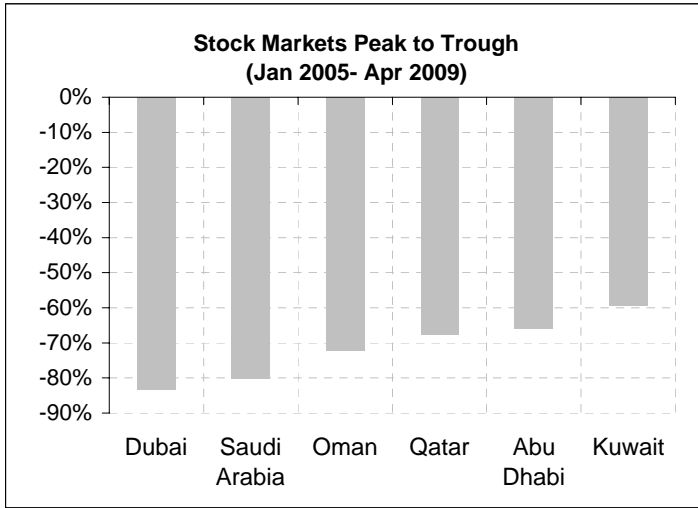
- The Fund earned a return of 2.1% during the month while the benchmark MSCI Arabian Markets Index earned a return of 14.7%
- Bulk of the under performance was the result of asset allocation. Particularly our absence from Saudi Arabia significantly eroded relative performance
- Stock selection in Qatar worked to our advantage while exposure to UAE also contributed to portfolio returns.

**Fund Codes:**

WKN: AORDDX  
 ISIN: IE00B29MW600  
 Bloomberg Code: MASARTI ID  
 Reuters ID: LP 65122961  
 Lipper ID: 65122961



## Key Economic Themes in pictures



Source: Bloomberg, Mashreq, Central Bank Websites

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