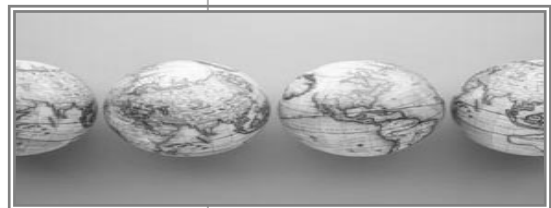


Monthly Commentary



February 2009

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2008 Performance Data

MENA Equity Strategies/Benchmarks	Region	Total Return Net of Fees(%)				Annual Total Return(%)			
		Inception Date	February 2009	YTD 2009	YTD Value Added	2008	2007	2006	Since Inception
MEOF	UAE	6/26/05	2.3	2.4	8.5	-64.6	55.5	-44.5	-71.6
MSCI UAE Domestic*			3.4	-6.1		-68.8	43.3	-44.5	-77.9
MEEF	UAE	2/8/05	8.4	4.1	8.7	-72.7	50.2	-42.3	-50.8
MSCI UAE Domestic*			6.5	-4.6		-68.8	43.3	-44.5	-54.6
MATF	MENA	11/22/05	-2.3	-8.1	9.4	-51.2	39.0	-8.1	-44.9
MSCI Arabian Index			-8.7	-17.5		-55.0	48.2	-40.7	-66.8
MQEF	Qatar	6/21/05	-7.4	-31.0	0.7	-28.3	47.1	-39.2	-57.2
MSCI Qatar			-9.8	-31.7		-28.3	47.3	-42.6	-55.4

* 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	February 2009	YTD 2009	2008	2007	2006	Return since Peak
SASEIDX Index	Saudi Arabia	2/25/06	-8.8	-8.7	-56.5	39.1	-52.5	-79.0
MXSAD Index			-11.3	-11.7	-58.5	42.3	-52.3	
ADSMI Index	Abu Dhabi	5/1/05	5.3	-0.6	-47.5	51.7	-42.3	-62.0
MXAED Index			6.3	-4.8	-68.8	43.2	-44.5	
DFMGI Index	Dubai	11/9/05	2.5	-4.7	-72.4	43.7	-44.4	-82.0
MXAED Index			6.3	-4.8	-68.8	43.2	-44.5	
KWSEIDX Index	Kuwait	6/24/08	-4.7	-17.2	-38.0	24.7	-12.7	-59.0
MXKWD Index			-10.9	-22.2	-47.1	27.1	-8.5	
DSM Index	Qatar	9/20/05	-15.5	-35.6	-28.1	34.3	-35.5	-66.0
MXQA Index			-15.8	-35.5	-28.3	47.3	-42.6	
CASE Index	Egypt	5/5/08	-7.2	-21.7	-56.4	51.3	10.3	-70.0
MXEG Index			-6.4	-22.3	-54.0	49.6	14.3	
MSM30 Index	Oman	6/11/08	0.8	-10.8	-39.8	61.9	14.5	-60.0
MXOM Index			-3.3	-12.5	-47.0	51.4	-10.0	
BHSEASI Index	Bahrain	6/15/08	-4.7	-12.6	-34.5	24.2	1.0	-46.0
MXBH Index			-9.2	-34.9	-54.9	15.5	3.4	
MCSINDEX Index	Morocco	3/13/08	9.7	1.4	-10.5	25.9	57.4	-24.0
MXMA Index			13.2	2.2	-9.4	32.4	48.3	

Commodities	Total Return(%)			Annual Total Return(%)			
	Peak Date	February 2009	YTD 2009	2008	2007	2006	Return since Peak
Crude Oil	7/3/08	-6.5	-6.5	-53.5	57.2	0.02	-74.0
Gold	3/14/08	5.2	5.2	5.8	31.0	23.2	-6.0

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
Gulf Cooperative Council				
Kingdom Saudi Arabia	AA-/Stable/A-1+	A1 Positive	AA-/Stable/F1+	BBB/Stable
United Arab Emirates	AA/Stable/A-1+	Aa2/Stable	AA/Stable/F1+	A/Negative
Qatar	AA-/Stable/A-1+	Aa2/Stable	NR	A/Stable
Kuwait	AA-/Stable/A-1+	Aa2/Stable	AA/Stable/F1+	A/Stable
Bahrain	A/Stable/A-1	A2/Negative	A/Stable/F1	BBB/Stable
Oman	A/Stable/A-1	A2/Stable	NR	A/Stable
Levant				
Jordan	BB/Stable/B	Ba2/Stable	NR	B/Stable
Egypt	BB+/Stable/B	Ba1/Negative	BB+/Stable/B	BB/Stable
North Africa				
Morocco	BB+/Stable/B	Ba1/Stable	BBB-/Stable/F3	BB/Stable
Tunisia	BBB/Stable/A-3	Baa2/Stable	BBB/Stable/F2	BB/Stable

Manager's Commentary

Global and regional markets remain on course for perhaps the worst start to a year on record. At the time of writing, regional and global market score cards look atrocious:

Regional Indices	MTD Feb 09	YTD*	2008	2007	2006
Saudi Arabia	-8.8%	-8.7%	-56.5%	39.1%	-52.5%
Abu Dhabi	5.3%	-0.6%	-47.5%	51.7%	-42.3%
Dubai	2.5%	-4.7%	-72.4%	43.7%	-44.4%
Kuwait	-4.7%	-17.2%	-38.0%	24.7%	-12.7%
Qatar	-15.5%	-35.6%	-28.1%	34.3%	-35.5%
Egypt	-7.2%	-21.7%	-56.4%	51.3%	10.3%
Oman	0.8%	-10.8%	-39.8%	61.9%	14.5%
Bahrain	-4.7%	-12.6%	-34.5%	24.2%	1.0%
Morocco	9.7%	1.4%	-10.5%	25.9%	57.4%
MSCI Emerging	-5.7%	-11.9%	-54.5%	36.5%	29.2%
Oil (WTI Cushing)	7.4%	0.4%	-53.5%	57.2%	0.02%
Gold	1.6%	6.8%	5.8%	31.0%	23.2%
S&P 500 Index	-11.0%	-18.6%	-38.5%	3.5%	13.6%
DowJones Euro Stoxx	-11.7%	-19.3%	-44.4%	6.8%	15.1%
Nikkei 225	-5.3%	-14.6%	-42.1%	-11.1%	6.9%

* Feb 28, 2009

Returns of Regional & Global Markets
Source: Bloomberg

Closer to home, the picture remains bleak overall, with a few significant exceptions. During the month, the Government of Dubai received financial backing from the UAE Federal Government in the shape of a fully subscribed USD10 billion 5 year annum, further evidence that this is a firm commitment from the Federal Government (which is effectively Abu Dhabi given the financial resources of the Emirate) for Dubai. In our opinion, lingering concerns about refinancing for some Dubai names are now more a function of ignorance about the region rather than genuine merit.

As the news of support for Dubai broke, equity markets in the UAE responded with a one day buying spree, and also managed to close in the positive column for the month. In the case of Dubai, this broke a run of 9 consecutive negative months, taking the index from 5,737 to 1,520—a relentless draw down of 73.5%. Ouch. For Abu Dhabi, February marked the end of a 6 month negative run, which took the index down 54.7%. Question is, with the role of the Federal (read Abu Dhabi) Government now clear (savior of last resort), is the worst behind us? Sadly, overall evidence would suggest otherwise.

Many analysts base their argument for being bearish on the region, including the UAE, on a poor outlook for macro (GDP, external account) and micro (corporate results) performance. This whole argument neglects the complete lack of correlation

between stock market returns and GDP growth, or earnings growth, year on year. Stock market returns in the short run (anything less than 3 years is short term from an equity perspective) are more a function of investor willingness to take risk. Hence in our view, it is more important to assess the willingness and ability of investors to take risk. Investors score poorly on both counts at present due to a deadly mix of big investment losses, lower housing prices, and more expensive (and less available) debt. There is no doubt that household incomes are under stress due to a weak labor market, and savings have been eroded due to poor investment returns. Institutional investors are in a similar conundrum as well, with balance sheets that need repair. Overall risk appetite appears weak, which for us is the crucial driver of returns in the short term.

Qatar put in a stunning decline last month, now standing almost 40% down for the year already. The selling seems to be broad based, with concerns about real estate prices and credit quality for banks driving prices down. Earnings momentum for the market as a whole will be firmly negative for the first quarter, driven by Industries Qatar (sharply lower commodity prices) and Banking stocks (deteriorating loan books due to real estate and personal loans exposure). Qatar is also a market dominated by individual investors, and the current environment of negative news flow will not help market performance in the next few weeks.

In Kuwait, Kuwait Finance House reported a sharp deterioration in the quality of the loan book. According to figures as of December, the current non performing assets on the company's balance sheet account for 12% of the loan book. Due to the sharp increase in the incidence of NPAs, provisioning cover has also fallen to almost 50%. Past due assets have also risen sharply, indicating further challenges ahead. Surprisingly, a similar degree of deterioration is not yet evident from the reported performance of other Kuwaiti banks. The news from the rest of Kuwait is not so encouraging, with reports of most investment companies failing to meet their debt obligations. We will be not surprised if further stress emerges from Kuwait's financial sector.

Globally, equity markets are in virtual free fall at the moment. The S&P 500 Index is already down 24.7% for the year, after falling 38% last year. Obviously, this is not going to help skittish regional investors. Fund flows for EMEA (Europe Middle East Africa) remain negative this year, adding further pressure. The distressing fact here is that within the emerging markets Funds universe, managers are still overweight Egypt and GCC. Hence there is potential for continued negative fund flow due to both redemptions and allocation decisions.

News on the economic front continues to be abysmal, with collapsing trade volumes and sharply contracting economies. From developed economies like the US and Japan, all the way to Asia in countries like Singapore and the Philippines, recent data suggests that economic activity and consumption is contracting rapidly. This does not paint a rosy picture for oil prices in the near term. OPEC's output cuts will help in

reducing the inventory overhang over the next few weeks, and economic news will provide cues for oil prices afterwards. Should global equity markets continue to fall sharply, oil prices will surely follow suit at some point. The next most important data point will be the first quarter result announcements from Banks in the region, which will provide a

better sense of the health of their balance sheets. We wait with baited breath.

Ibrahim Masood
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Makaseb Arab Tigers Fund (NAV as at 26 Feb 09 - USD 5.5482)
Inception Date: 11/22/05; Benchmark: MSCI Arabian Market Index
Performance

	Total Return(%)		Total Return(%)			
	Feb 2009	YTD 2009	One Year	Two Year	Three Year	Since Inception
MATF	-2.3	-8.1	-56.0	-38.9	-42.5	-44.9
MXARM	-8.7	-17.5	-62.4	-47.0	-70.2	-66.8

Top Holdings(%)

Almarai Co.	10.42
Jarir Marketing Co.	10.26
Air Arabia	8.01
Red Sea Housing Co.	7.48
Ethiad Etisalat Co.	7.41

Annual Return(%)

	2005	2006	2007	2008
MATF	-3.8	-8.1	39.0	-51.2
MXARM	1.8	-40.7	48.2	-55.0

Sector Weights(%)

Sector	Fund	Benchmark
Insurance	0.0	0.1
Food & Staples	0.0	0.1
Banks	13.7	34.3
Telecom	12.9	17.6
Convertible Sukuk	4.2	0.0
Financials	0.0	4.0
Materials	7.1	20.7
Real Estate	7.4	7.7
Consumer Services	1.9	0.3
Consumer Durables	0.0	0.1
Pharmaceuticals	1.5	0.0
Retailing	7.4	0.1
Commercial & Professional Serv.	10.3	0.0
Food & Beverage	10.2	2.4
Transport	7.9	2.1
Capital Goods	0.3	5.4
Utilities	0.0	2.2
Energy	3.5	2.9
Cash	11.7	0.0
Total	100.0	100.0

Risk Profile Since Inception

	Fund	Benchmark
Excess Return	21.9%	
Beta	0.47	
Sharpe Ratio	-1.2	-1.4
Skewness	-0.8	-1.5
Kurtosis	7.7	7.5
Std. Deviation	16.2%	23.0%

Risk/Return & Tracking

	vs Benchmark
R-Square	36.5%
Information Ratio	1.2
Treynor Ratio	-0.5
Tracking Error	17.9
Correlation	0.6

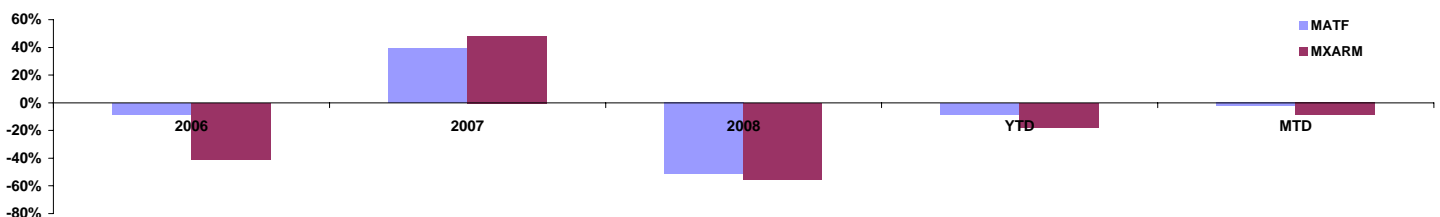
Characteristics

	Fund
Div Yield- 1Yr	6.7%
P/B	2.8
P/E	11.4
ROE	27.4%

Regional Weights(%)

	Fund	Benchmark
UAE	19.9	7.2
Saudi Arabia	57.0	47.3
Qatar	6.4	5.2
Egypt	1.9	7.5
Oman	1.5	2.5
Jordan	1.5	2.6
Bahrain	-	1.1
Kuwait	-	17.4
Lebanon	-	1.8
Morocco	-	6.9
Tunisia	-	0.5
Cash	11.7	
Total	100.0	100.0

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 lost 2.3% during the month where as the benchmark MSCI Arabian markets Index lost 8.7% during the same period.
- Sector selection added to relative return for the month. Positions in Retail, Personal and Household Goods, Travel, Oil & Gas and Health Care added to performance. Positions in Chemicals, Industrial Goods & Services and Technology also added alpha.
- Stock selection hurt performance for the month. Selection in Banks particularly position in Commercial Bank of Qatar caused significant detraction even though the portfolio had an overall underweight position in Banks.
- Active asset allocation during the month further helped returns relative to the benchmark. The Fund position in Aldar Properties convertible sukuk coupled with active cash management added 1% alpha.

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 25 Feb 09 - USD 4.2803)

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

Performance

	Total Return(%)		One Year	Two Year	Total Return(%)	
	Feb 2009	YTD			Three Year	Since Inception
MQEF	-7.4	-31.0	-54.8	-22.5	-45.8	-57.2
MXQA	-9.8	-31.7	-54.1	-22.4	-48.8	-55.4

Top Holdings(%)

Qatar National Bank	15.9
Commercial Bank Of Qatar	15.5
Qatar Telecom Q.S.C.	14.2
Qatar Electric & Water	13.0
Qatar Industries	10.2

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

Risk Profile Since Inception

	Fund	Benchmark
Excess Return	-1.8%	
Beta	0.9	
Sharpe Ratio	-2.0	-2.0
Skewness	-0.2	-0.6
Kurtosis	3.4	3.7
Std. Deviation	30.5%	30.6%

Risk/Return & Tracking

	vs Benchmark
R-Square	85.2%
Information Ratio	-0.2
Treynor Ratio	-0.7
Tracking Error	12.3%
Correlation	0.9

Sector Weights(%)

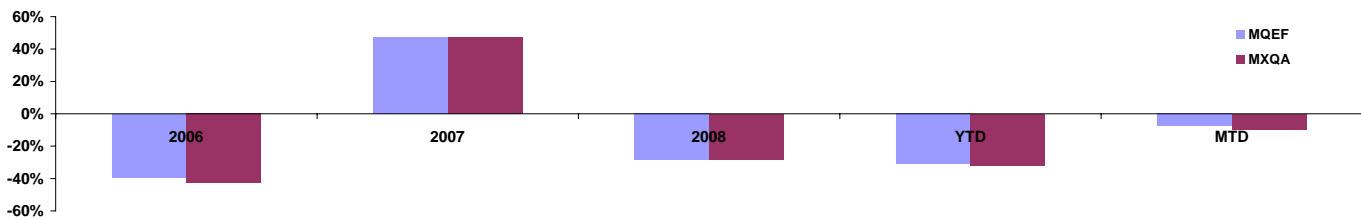
Sector	Fund	Benchmark
Banks	53.7	59.5
Utilities	13.0	5.3
Telecom	14.2	7.0
Energy	4.5	11.2
Real Estate	0.0	3.4
Capital Goods	0.0	10.7
Insurance	0.0	3.0
Industrial	10.2	0.0
Cash	4.5	0.0
Total	100.0	100.0

Characteristics

	Fund	Fund
Div Yield- 1Yr	12.7%	5.9
P/B	1.73	25.1%
P/E		
ROE		

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.

- Makaseb Qatar Equity Fund for Feb. 2009 outperformed the benchmark by 2.4%. Your fund was down 7.38%; the Doha Stock Market and MSCI Qatar Index were down by 10.11% and 9.8% respectively. Banking, Real Estate, Telecommunications were the worst hit.
- Most of the fund's performance came from our exposure to Utilities and Energy.
- Our underweight in Banking and overweight in Real Estate relative to the benchmark helped relative out performance.

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 26 Feb 09 - USD 4.9192)
Inception Date: 02/08/05; Benchmark: MSCI UAE Domestic Index
Performance

	Total Return(%)		Total Returns(%)			
	Feb	YTD	One	Two	Three	Since
	2009	2009	Year	Year	Year	Inception
MEEF	8.4	4.1	-71.5	-58.8	-72.5	-50.8
MXAED	6.5	-4.6	-70.3	-59.4	-72.9	-54.6

Top Holdings(%)

Emirates Telecom	20.3
Emaar Properties PJSC	10.59
Dana Gas PJSC	8.68
Abu Dhabi National Energy Co	8.34
Aldar Properties PJSC	6.6

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

Risk Profile Since Inception

	Fund	Benchmark
Excess Return	3.8%	
Beta	0.9	
Sharpe Ratio	-1.6	-1.8
Skewness	0.3	0.2
Kurtosis	3.3	3.5
Std. Deviation	34.6%	33.4%

Risk/Return & Tracking

	vs Benchmark
R-Square	76.8%
Information Ratio	0.2
Treynor Ratio	-0.6
Tracking Error	17.0%
Correlation	0.9

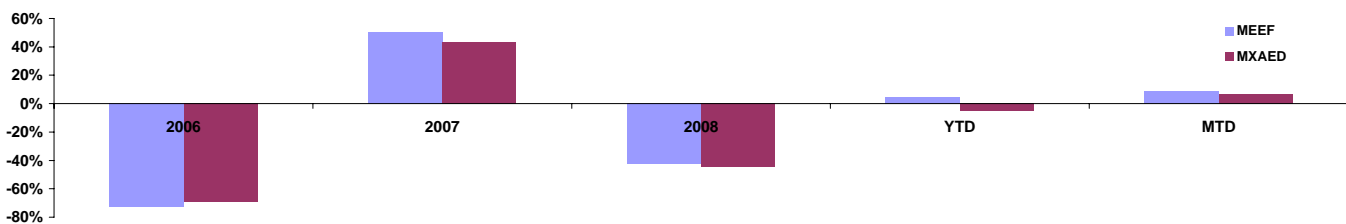
Sector Weights(%)

Sector	Fund	Benchmark
Utilities	8.3	1.9
Banks	19.0	31.0
Real Estate	25.5	22.3
Transportation	6.7	5.7
Others	0.7	0.0
Materials	0.0	6.2
Energy	8.7	2.7
Telecom	22.9	30.2
Capital Goods	2.5	0.0
Cash	6.0	0.0
Total	100.0	100.0

Characteristics

Div Yield- 1Yr	Fund: 4.4%	P/E	Fund: 6.07
P/B	Fund: 1.06	ROE	Fund: 14.5%

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 8.4%, outperforming the benchmark by 1.9%.
- The out performance came from stock selection skills from the over weight in DFM, TAQA and Union properties.
- The underweight in Banking and Telecommunications detracted from performance.
- The fund has cut position in diversified financials and real estate in Dubai and deployed proceeds in Abu Dhabi real estate companies hunting for short term recovery. We cut our overweight in Taqa as the stock rallied after the company announced a buy back program.

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 25 Feb 09 - USD 2.8443)
Inception Date: 06/26/05; Benchmark: MSCI UAE Domestic Index
Performance

	Total Return(%)		Total Return (%)			
	Feb 2009	YTD 2009	One Year	Two Year	Three Year	Since Inception
MEOF	2.3	2.4	-65.8	-43.3	-64.2	-71.6
MXAED	3.4	-6.1	-70.3	-59.5	-72.9	-77.9

	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(%)

Emaar Properties	28.13
Air Arabia	25.95
Islamic Arab Insurance Co.	4.1
Ajman Bank	2.49
Drake & Skull	0.75

Risk Profile Since Inception

	Fund	Benchmark
Excess Return	6.3%	
Beta	0.7	
Sharpe Ratio	-1.5	-1.8
Skewness	-0.9	-0.9
Kurtosis	12.3	5.1
Std. Deviation	50.8%	45.7%

Risk/Return & Tracking

	vs Benchmark
R-Square	43.3%
Information Ratio	0.2
Treynor Ratio	-1.1
Tracking Error	31.2%
Correlation	0.7

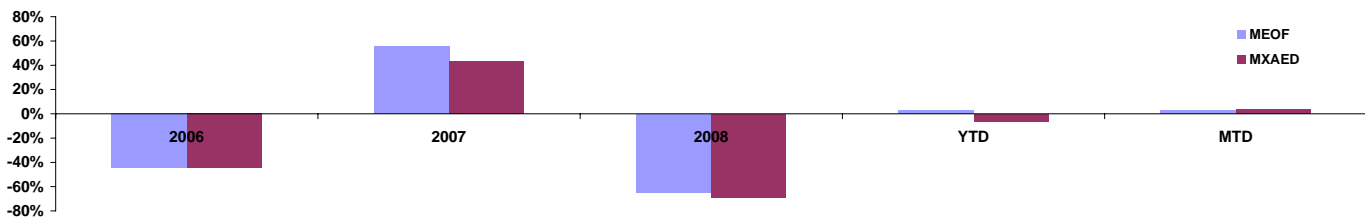
Sector Weights(%)

Sector	Fund	Benchmark
Banks	2.5	31.0
Insurance	4.1	0.0
Real Estate	28.1	22.3
Transportation	26.0	5.7
Others	0.8	0.0
Materials	0.0	6.2
Energy	0.0	2.7
Telecom	0.0	30.2
Utilities	0.0	1.9
Cash	38.6	0.0
Total	100.0	100.0

Characteristics

Div Yield- 1Yr	Fund 9.2%	P/E	Fund 0.9
P/B	0.57	ROE	15.0%

Source: Bloomberg, Mashreq

Performance Chart

Fund Strategy

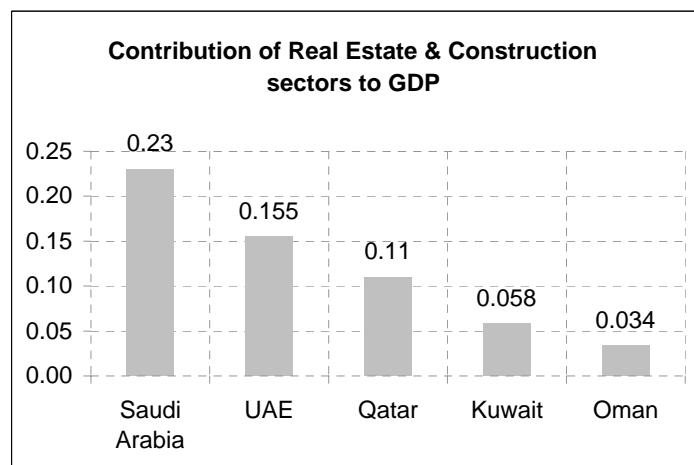
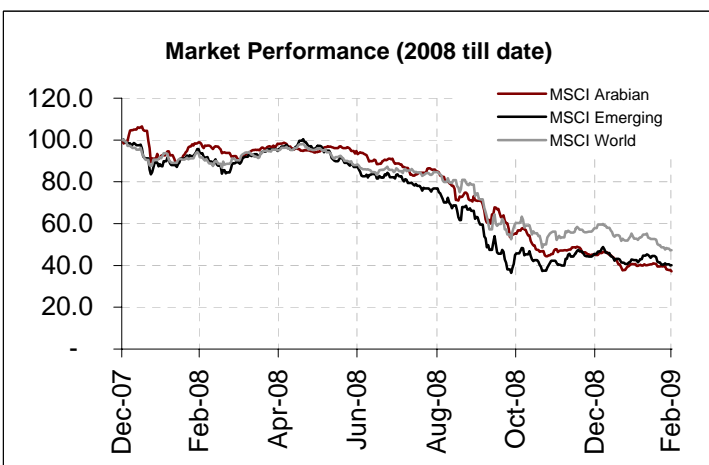
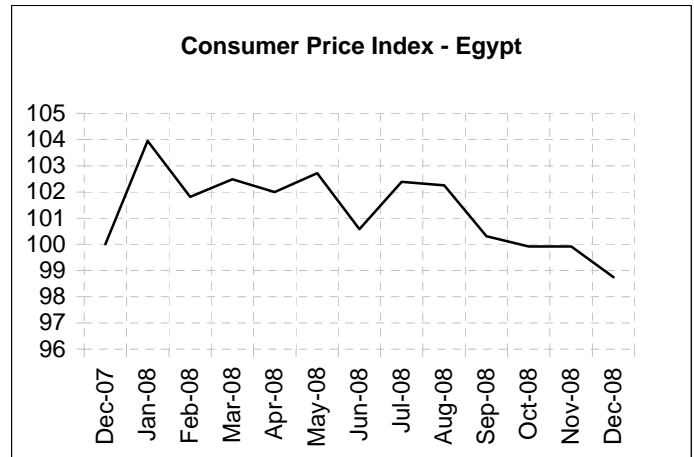
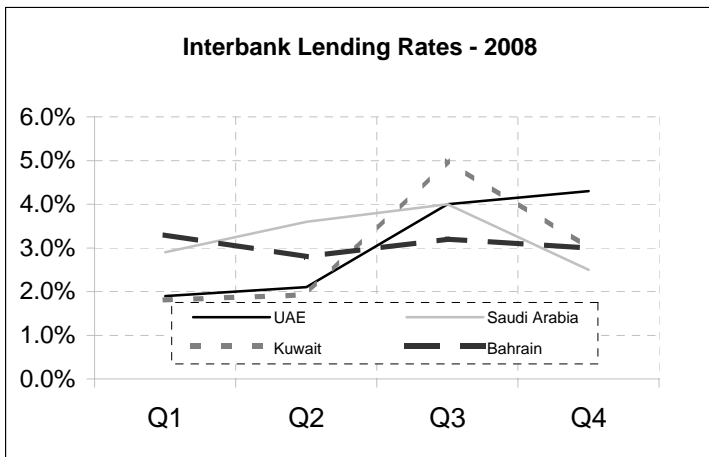
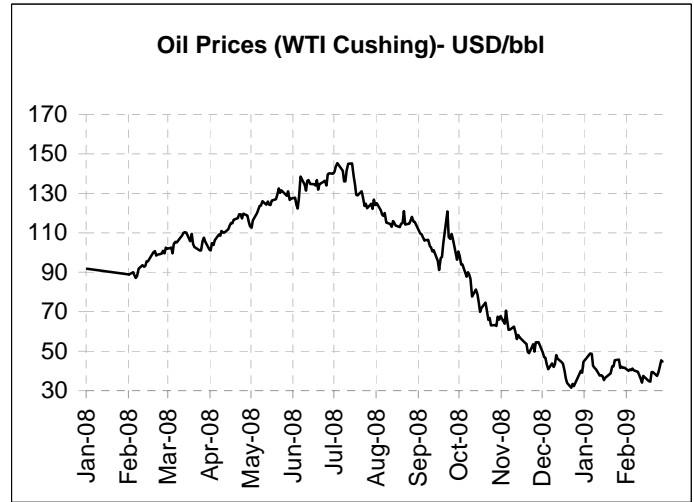
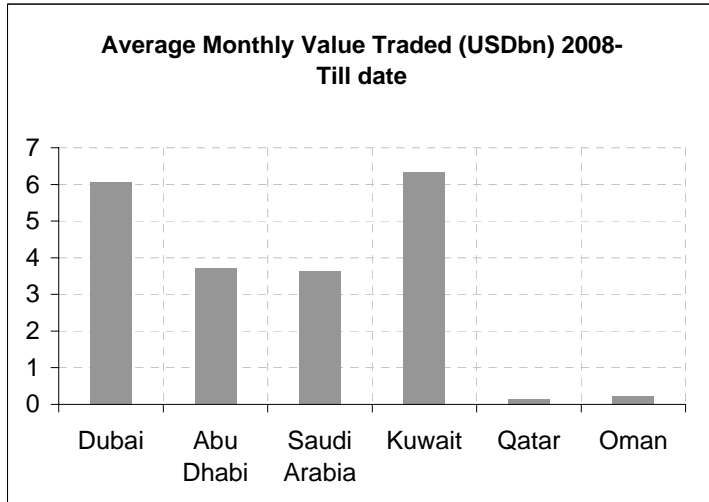
Makaseb Emirates Opportunities Fund (MEOF) aims to achieve long term capital appreciation through investment primarily in shares listed on the UAE stock exchanges by using a dynamic asset allocation strategy. The MEOF portfolio is constructed after careful evaluation of market factors including liquidity 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.

- The Makaseb Emirates Opportunity Fund underperformed the MXAED Index (benchmark) by 1.1% for Feb 2009
- Asset allocation detracted from performance

Fund Codes:

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

Key Economic Themes in pictures



Source: Bloomberg, Mashreq, Central Bank Websites

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