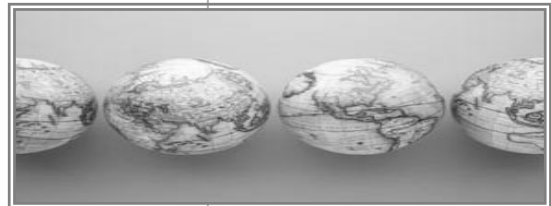


## Monthly Commentary



## July 2009

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

[www.makaseb.com](http://www.makaseb.com)  
[contact@makaseb.com](mailto:contact@makaseb.com)

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# Manager's Commentary

## More of the same

Over the last couple of trading days, the S&P 500 Index rose above a 1,000, with year to date returns of almost 11% now. Off its lows, the index is up 46%, in quick time. The story in the Middle East is no different, with the MSCI Arabian Index up 16% for the year so far; off its lows, the index is up 43%. The S&P hit its low on March 9; Arabian markets struck their low on the same day. Saudi Arabia, the biggest market regionally, touched its lowest point on cue. Since then, like most other global markets, our neck of the woods has moved in lockstep with US markets. Good luck looking for domestic drivers for the current run.

As the rally has continued, the question arises as to whether this is a standard bear market rally, or the beginning of a genuine new bull market? An obvious follow on point of interest is the extent of this run; how much further can markets rise before a breather, when and if will markets correct? Historically, the more speculative the rally, higher is the probability of a quick and painful reversal. The current run has been quite speculative, based on the difference between the performance of small cap and large cap stocks. Taking the largest and smallest 5% of listed stocks, the smaller counters have outperformed their larger counterparts by a staggering 81%! This speculative element suggests there are a few road bumps ahead, with the timing of these bumps a critical variable.

From the bullish perspective, the abundance of skeptics is an encouraging sign which indicates that many investors have not participated in the current run in anticipation of a pull back. The longer this rally continues, the more desperate to buy this group should become. Regional markets have actually been laggards compared to the rest of the emerging market universe, with the MSCI Arabian Index up 16% for the year so far compared to a return of 49% for the MSCI Emerging Market index. Fund flows for regional money managers have been tepid, with most reporting net out flows for the year so far. From a technical point, it is quite possible for a bear rally to retrace up to a third of the losses from the peak, meaning the MSCI Arabian Index could advance another 15% or so from here. While this is not a forecast, it certainly is possible.

Interim results reported so far are broadly in line with expectations of a slow down, particularly those reported by UAE real estate stocks. Banking results have been more of a mixed bag, with some banks reporting depressed profits due to higher provisioning. In almost all markets in the region, credit growth continues to remain weak and is in fact negative in several countries. A study of interim filings of 72 listed corporates which constitute about half of the MSCI Arabian Markets index by market capitalization does confirm improvements at core profitability driven by cost efficiency.

	EBITDA Growth QoQ	Sales Growth QoQ	EBITDA Margin 1Q2009	EBITDA Margin 2Q2009
Surveyed Non Financials	25.7%	15.3%	28.7%	31.3%
Surveyed Non Financials ex Materials	19.0%	15.5%	30.3%	31.2%

However, comparable multiples for MENA markets appear to be ahead of the emerging market universe. MSCI Arabian Markets index trades at 2.7x sales where as the emerging market universe trades at 1.2x sales. Similarly, MENA markets trade at EV/EBITDA multiple of 9.0x which is also ahead of MSCI Emerging Market's 7.0x. This pricing discrepancy may well be attributed to higher profitability of MENA corporate with EBITDA margin of 35% compared to 25% posted by emerging market companies.

The above however raises a fundamental question about what will be the driver of return for the future in Middle Eastern equities. Margins are already high and in all likelihood would contract over the next 5-7 years to fall in line with emerging market universe. Multiples are also high and further expansion can be ruled out. Hence for MENA markets to deliver comparable EM equity return over the next 5 – 7 year there needs to be a sustained growth in turnover. It is difficult to establish at this point which sectors would herald such expansion.

The three biggest non financial sectors – Commodity Chemicals, Telecommunications and Real Estate – are unlikely candidate. Telecommunication market in the MENA region is already saturated with rich ARPUs and very high level of tele-density, inorganic growth by these operators would surely dampen margins. Real Estate market has yet to stabilize from the busting of a massive real estate bubble and would remain in doldrums until its financiers stabilize which after all government support and intervention is going to take some more time. Hydrocarbons producers which dominate commodity chemicals have seen massive capacity additions this year in downstream facilities and are likely to see more thanks to development and upgrade work at Iraq's oil facilities. At the same time demand has still not become stable and would most likely contract for a couple of more quarters before stabilizing at lower level thus keeping downward pressure on prices.

The only savior at this point in time is thus a return to some level of inflation supportive of revenue growth as potential for multiple expansion at this point in time appears limited. In this regard, credit growth in the private sector still remains anemic, and is in fact negative in some regional economies. Government spending has been strong, and is offsetting some of the drag of private sector credit contraction, but overall pricing pressures remain weak, principally on the back of weak demand. For countries with small indigenous populations, job growth is essential for stabilizing demand and providing some

pricing power for various sectors, mainly financials and real estate.

The above is more pertinent in the medium to long term. In the short term, the slow uptick in cases of swine flu is a potential curve ball, especially during and after the upcoming Hajj later this year. Potentially, any large outbreak following Hajj may prove to be a big stumbling block for demand

recovery and could result in heightened risk aversion. On balance, the current advance in risk assets has clearly entered choppy waters, with risks weighed somewhat evenly between the upside and weakness.

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## Performance Data

MENA Equity Strategies/Benchmarks	Region	Total Return Net of Fees(%)				Annual Total Return(%)			
		Inception Date	July 2009	YTD 2009	YTD Value Added	2008	2007	2006	Since Inception
MEOF	UAE	6/26/05	9.0	41.4	14.9	-64.6	55.5	-44.5	-60.7
MSCI UAE Domestic*			12.2	26.5		-68.8	43.3	-44.5	-70.2
MEEF	UAE	2/8/05	-0.6	22.3	-6.6	-72.7	50.2	-42.3	-42.2
MSCI UAE Domestic*			10.4	28.9		-68.8	43.3	-44.5	-38.6
MATF	MENA	11/22/05	3.4	14.4	-1.8	-51.2	39.0	-8.1	-31.4
MSCI Arabian Index			3.3	16.2		-55.0	48.2	-40.7	-53.2
MQEF	Qatar	6/21/05	5.4	4.5	8.6	-28.3	47.1	-39.2	-35.2
MSCI Qatar			1.6	-4.1		-28.3	47.3	-42.6	-37.4
MIF	MENA	3/29/06	3.0	2.5	-10.8	-21.7	3.2	2.2	-16.6
MEIGTR			2.9	13.3		-14.9	3.6	5.7	4.0
Mashreq ATF	MENA	8/26/08	4.2	9.9	-6.3	1.0			11.0
MSCI Arabian Index			3.3	16.2		-47.7			-39.1

\* 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	July 2009	YTD 2009	2008	2007	2006	Return since Peak
Saudi Tadawul Index	Saudi Arabia	2/25/06	3.2	20.3	-56.5	39.1	-52.5	-72.0
MSCI Saudi Domestic Index			4.4	23.3	-58.5	42.3	-52.3	
ADX General Index	Abu Dhabi	5/1/05	6.4	17.2	-47.5	51.7	-42.3	-55.1
MSCI UAE Domestic Index			10.4	28.9	-68.8	43.2	-44.5	
DFM General Index	Dubai	11/9/05	1.9	11.1	-72.4	43.7	-44.4	-78.6
MSCI UAE Domestic Index			10.4	28.9	-68.8	43.2	-44.5	
Kuwait SE Index	Kuwait	6/24/08	-5.0	-1.3	-38.0	24.7	-12.7	-50.9
MSCI Kuwait Domestic Index			-0.9	11.8	-47.1	27.1	-8.5	
Doha Stock Mkt Index	Qatar	9/20/05	3.3	-2.6	-28.1	34.3	-35.5	-48.0
MSCI Qatar Index			3.7	-3.2	-28.3	47.3	-42.6	
EGX 30 Index	Egypt	5/5/08	8.3	34.3	-56.4	51.3	10.3	-48.3
MSCI Egypt Index			9.0	29.1	-54.0	49.6	14.3	
Muscat Sec. Mkt Index	Oman	6/11/08	4.2	7.4	-39.8	61.9	14.5	-51.7
MSCI Oman Index			5.0	11.9	-47.0	51.4	-10.0	
Bahrain SE Index	Bahrain	6/15/08	-5.0	-16.7	-34.5	24.2	1.0	-48.3
MSCI Bahrain Index			-7.8	-24.0	-54.9	15.5	3.4	
Morocco CSE Index	Morocco	3/13/08	-4.9	-2.0	-10.5	25.9	57.4	-26.8
MXMA Index			-6.3	-0.9	-9.4	32.4	48.3	

Commodities	Total Return(%)			Annual Total Return(%)			
	Peak Date	July 2009	YTD 2009	2008	2007	2006	Return since Peak
Crude Oil	7/3/08	-4.2	50.1	-53.5	57.2	0.02	-53.9
Gold	3/14/08	0.8	5.9	5.8	31.0	23.2	-6.8

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+	BB/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/Stable
Tunisia	BBB/Stable/A-3	A3/Stable	BBB/Stable/F2	BB/Stable

**Makaseb Arab Tigers Fund (NAV as at 31 July 09 - USD 6.8614)**  
**Inception Date: 11/22/05; Benchmark: MSCI Arabian Market Index**

**Performance**

	Total Return(%)		One Year	Total Return(%)			Since Inception
	July 2009	YTD 2009		Two Year	Three Year		
<b>MATF</b>	<b>3.4</b>	<b>14.4</b>	<b>-42.3</b>	<b>-33.6</b>	<b>-14.5</b>	<b>-31.4</b>	
MXARM	3.3	16.2	-41.1	-33.2	-29.9	-53.2	

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

**Top Holdings(%)**

Almarai Co.	9.6
Jarir Marketing Co.	8.9
Emirates Telecom Corpotation	6.7
Air Arabia	5.7
Al Rajhi Bank	5.3



**Risk/Return Profile Since Inception**

	Fund	Benchmark
<b>Excess Return</b>	21.8%	
<b>Beta</b>	0.49	
<b>Sharpe Ratio</b>	-0.9	-1.0
<b>Skewness</b>	-0.8	-1.5
<b>Kurtosis</b>	8.0	8.3
<b>Std. Deviation</b>	16.5%	23.1%

**Risk/Return & Tracking**

	vs Benchmark
<b>R-Square</b>	39.6%
<b>Information Ratio</b>	1.2
<b>Treynor Ratio</b>	-0.3
<b>Tracking Error</b>	18.7%
<b>Correlation</b>	0.6

**Sector Weights(%)**

Sector	Fund	Benchmark
<b>Banks</b>	5.1	33.6
Consumer Services	3.5	0.3
Materials	4.8	22.9
Transportation	5.7	2.5
Real Estate	6.1	7.2
Food Beverage & Tobacc	14.6	1.9
Capital Goods	4.3	5.5
Diversified Financials	4.6	3.8
Telecommunication	12.0	17.4
Energy	2.5	3.0
Utilities	4.2	1.5
Insurance	2.7	0.2
Commercial &	8.9	0.3
Pharmaceuticals, Biotech	1.6	0.0
Retailing	5.3	0.0
Others	0.0	0.0
Cash	14.1	0.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

**Characteristics**

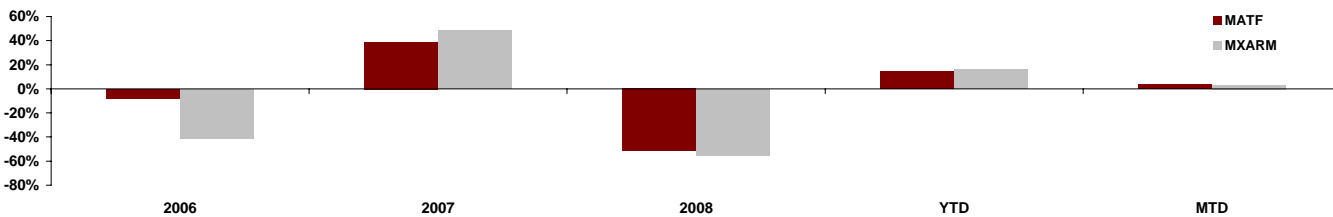
	Fund
<b>Div Yield</b>	4.0%
<b>P/B</b>	3.2
<b>P/E-1 yr</b>	13.9
<b>ROE</b>	25.2%

**Regional Weights(%)**

	Fund	Benchmark
<b>UAE</b>	17.6	7.5
<b>Saudi Arabia</b>	47.2	45.9
<b>Qatar</b>	9.4	5.4
<b>Egypt</b>	10.1	8.2
<b>Oman</b>	0.0	2.1
<b>Jordan</b>	1.6	1.6
<b>Bahrain</b>	0.0	7.5
<b>Kuwait</b>	0.0	14.7
<b>Lebanon</b>	0.0	1.8
<b>Morocco</b>	0.0	4.9
<b>Tunisia</b>	0.0	0.3
<b>Cash</b>	14.1	0.0
<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 returned 3.4% during the month. During the same period the benchmark MSCI Arabian Markets Index returned 3.3%
- Bulk of the relative performance differential is explained through stock selection while cash allocation proved to be a drag
- Stock selection in Financials, Telecommunications, Utilities and Consumer Durables added valuable points while under exposure to Materials, Energy and Financials detracted performance points.

**Fund Codes:**

WKN: A0J3RQ  
 ISIN: BH000A0J3RQ8  
 Bloomberg Code: MAKATFD BI  
 Zawya Code: MAKARBT.MF  
 Reuters ID: LP65038280  
 Lipper ID: 65038280

**Makaseb Emirates Opportunities Fund (NAV as at 29 July 09 - USD 3.9293)**
**Inception Date: 06/26/05; Benchmark: MSCI UAE Domestic Index**
**Performance**

	Total Return(%)		Total Return (%)			
	July 2009	YTD 2009	One Year	Two Year	Three Year	Since Inception
MEOF	9.0	41.4	-53.2	-23.9	-24.2	-60.7
MXAED	12.2	26.5	-58.0	-47.8	-46.8	-70.2

	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(%)**

Air Arabia	26.38
Emaar Properties	14.55
Islamic Arab Insurance Compar	12.02
Emirates Telecom	7.43
Arabtec Holding Co. P.J.S.C	6.75


**Risk/Return Profile Since Inception**

	Fund	Benchmark
Excess Return	9.5%	
Beta	0.7	
Sharpe Ratio	-1.2	-1.5
Skewness	-0.7	-0.8
Kurtosis	10.4	4.1
Std. Deviation	54.0%	48.9%

**Risk/Return & Tracking**

	vs Benchmark
R-Square	47.4%
Information Ratio	0.3
Treynor Ratio	-0.9
Tracking Error	31.7%
Correlation	0.7

**Sector Weights(%)**

Sector	Fund	Benchmark
Banks	0.0	38.4
Capital Goods	6.8	0.0
Diversified Financials	3.4	12.1
Energy	0.0	5.5
Real Estate	14.5	29.6
Materials	0.0	2.1
Telecommunication Se	7.4	2.2
Transportation	26.4	7.2
Utilities	0.0	2.9
Cash	29.5	0.0
Insurance	12.0	0.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

**Characteristics**

Div Yield	Fund 4.3%	P/E- 1Yr	Fund 6.93
P/B	1.02	ROE	15.3%

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.

- Stock Selection during the month provided cushion to the funds performance
- Asset Allocation call resulted in under performance vis a vis the benchmark. Our exposure to telecommunications and underweight in banking detracted performance

**Fund Codes:**

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

**Makaseb Emirates Equity Fund (NAV as at 30 July 09 - USD 5.7781)**

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

**Performance**

	Total Return(%)		Total Returns(%)			
	July 2009	YTD 2009	One Year	Two Year	Three Year	Since Inception
MEEF	-0.6	22.3	-64.2	-54.9	-63.7	-42.2
MXAED	10.4	28.9	-57.2	-47.5	-60.8	-38.6

	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

**Top Holdings(%)**

Emirates Telecom	12.5
Abu Dhabi National Energy Co	10.6
Air Arabia	9.6
Emaar Properties	9.4
Dubai Islamic Bank	8.1



**Risk/Return Profile Since Inception**

	Fund	Benchmark
Excess Return	-3.6%	
Beta	0.9	
Sharpe Ratio	-1.3	-1.3
Skewness	0.3	0.1
Kurtosis	3.3	3.5
Std. Deviation	34.9%	33.8%

**Risk/Return & Tracking**

	vs Benchmark
R-Square	77.1%
Information Ratio	-0.2
Treynor Ratio	-0.5
Tracking Error	17.3%
Correlation	0.9

**Sector Weights(%)**

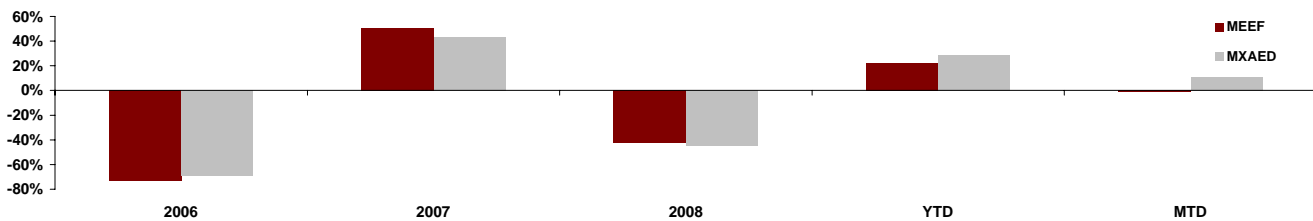
Sector	Fund	Benchmark
Banks	4.6	38.4
Capital Goods	0.0	0.0
Diversified Financials	11.8	12.1
Energy	4.9	5.5
Insurance	5.6	0.0
Materials	5.3	2.1
Real Estate	13.9	29.6
Telecom	17.3	2.2
Transportation	11.0	7.2
Utilities	10.6	2.9
Cash	15.1	0.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

**Characteristics**

Div Yield	Fund 4.6%	P/E- 1Yr	Fund 9.56
P/B	1.37	ROE	17.9%

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 lost 0.6% during the month underperforming MSCI UAE Index by 11%
- The performance gap resulted mainly from the lack of exposure to Abu Dhabi banks. FGB and NBAD contributed 77% of the benchmark return this month
- The fund gained performance in utilities, telecommunications, energy and industrials; however it lost performance because of underweighting financials (real estate, banks, and diversified financials).

**Fund Codes:**

WKN: A0J3RM  
 ISIN: BH000A0J3RM7  
 Bloomberg Code: MAKEEFD BI  
 Zawya Code: MAKEMRE.MF  
 Reuters ID: LP65038277  
 Lipper ID: 65038277

**Makaseb Qatar Equity Fund (NAV as at 29 July 09 - USD 6.4801)**
**Inception Date: 06/21/05; Benchmark: MSCI Qatar Index**
**Performance**

	Total Return(%)		One Year	Two Year	Three Year	Total Return(%) Since Inception
	July 2009	YTD 2009				
MQEF	5.4	4.5	-38.6	-5.5	-3.6	-35.2
MXQA	1.6	-4.1	-43.7	-10.5	-12.7	-37.4

	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	13.2
Qatar Industries	12.6
Qatar Telecom Q.S.C. (Q-Tel)	12.3
Qatar Electric & Water	9.3
Commercial Bank Of Qatar	9.1


**Risk/Return Profile Since Inception**

	Fund	Benchmark
Excess Return	2.2%	
Beta	0.9	
Sharpe Ratio	-1.2	-1.3
Skewness	-0.1	-0.4
Kurtosis	2.9	3.1
Std. Deviation	32.0%	31.4%

**Risk/Return & Tracking vs Benchmark**

R-Square	85.6%
Information Ratio	0.2
Treynor Ratio	0.4
Tracking Error	12.6%
Correlation	0.9

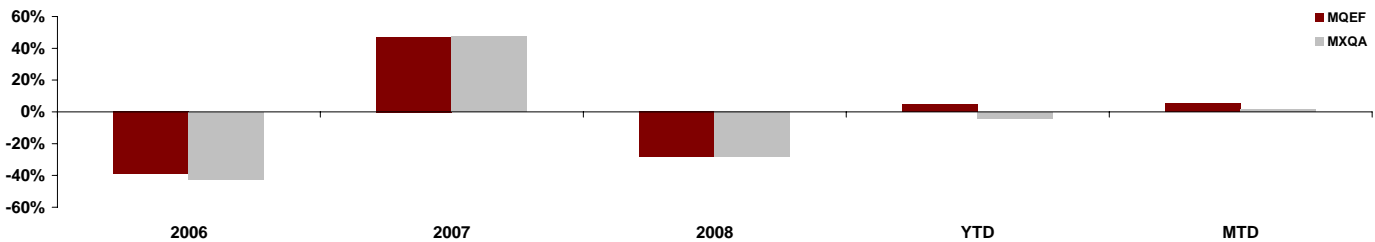
**Sector Weights(%)**

Sector	Fund	Benchmark
Banks	30.0	61.2
Capital Goods	12.6	11.1
Energy	12.9	8.9
Insurance	4.6	2.9
Real Estate	3.2	5.6
Telecom	15.1	6.5
Utilities	9.3	3.7
Cash	12.3	0.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

**Characteristics**

	Fund	Fund
Div Yield	5.7%	P/E - 1Yr 8.6
P/B	4.06	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 5.4% during the month outperforming MSCI Qatar Index by 3.8%
- Our overweight in utilities and telecommunications contributed most of the outperformance, as Qatar electricity and Water and Qtel were the top performers this month.
- Our stock selection in banks and real estate sectors added alpha, however the fund lost performance in insurance and capital goods

**Fund Codes:**

WKN: AOJ3RN  
 ISIN: BH000AOJ3RN5  
 Bloomberg Code: MAKQEFB BI  
 Zawya Code: MAKQTRE.MF  
 Reuters ID: LP65038278  
 Lipper ID: 65038278

**Mashreq Arab Tigers Fund (NAV as at 30 July 09 - USD 11.0954)**  
**Inception Date: 08/26/08; Benchmark: MSCI Arabian Market Index**

	Total Return(%)		Total Return(%) Since Inception
	July 2009	YTD 2009	
MashreqATF	4.2	9.9	11.0
MXARM	3.3	16.2	-39.1

Top Holdings(%)	
Abu Dhabi Sovereign Bond	26.4
Qatar Fuel	8.7
Air Arabia	7.1
Islamic Arab Insurance Co.	6.9
Qatar Electric & Water	6.0

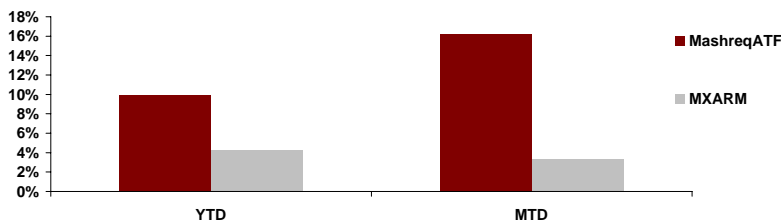
Risk/Return Profile Since Inception			Risk/Return & Tracking vs Benchmark	
	Fund	Benchmark		
Excess Return	50.1%		R-Square	4.7%
Beta	0.08		Information Ratio	1.6
Sharpe Ratio	0.7	-1.4	Treynor Ratio	1.0
Skewness	1.9	-0.6	Tracking Error	31.0
Kurtosis	9.8	2.2	Correlation	0.22
Std. Deviation	11.3%	32.2%		

Sector Weights(%)		
Sector	Fund	Benchmark
Banks	0.51	33.59
Consumer Services	0	0.28
Materials	0	22.92
Transportation	7.13	2.50
Real Estate	2.42	7.23
Food Beverage & Tobacco	0	1.95
Capital Goods	8.04	5.45
Diversified Financials	3.83	3.78
Telecommunication	5.17	17.40
Energy	13.66	3.01
Utilities	5.96	1.49
Insurance	6.9	0.15
Commercial & Professiona	0	0.26
Bonds	26.4	0.00
Cash	19.98	0.00
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

Characteristics		Regional Weights(%)		
	Fund	Fund	Benchmark	
Div Yield	4.0%	UAE	40.43	7.46
P/B	1.88	Saudi Arabia	0	45.89
P/E- 1Yr	11.06	Kuwait	0	14.72
ROE	39.3%	Qatar	23.62	5.41
		Bahrain	0	7.53
		Jordan	0	1.62
		Morocco	0	4.91
		Oman	3.08	2.12
		Lebanon	0	1.84
		Tunisia	0	0.30
		Egypt	12.89	8.20
		Cash	19.98	0.00
		<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 returned 4.2% during the month. The benchmark MSCI Arabian Markets Index returned 3.3% during the period.
- Bulk of the performance differential is attributed to superior stock selection while asset allocation proved to be a drag on performance.
- Stock selection in Financials, Telecommunications, Utilities and Consumer durables were the key drivers of the monthly return.
- Defensive asset allocation and the ensuing underweight positions in Materials, Financials and Telecommunications detracted monthly performance.

**Fund Codes:**

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



**Makaseb Income Fund (NAV as at 31 July 09 - USD 8.3393 )**

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

**Performance**

	Total Return(%)		Total Return(%)			
	July 2009	YTD 2009	One Year	Two Year	Three Year	Since Inception
MIF	3.0	2.5	-18.6	-18.0	-15.5	-16.6
MEIGTR	2.9	13.3	-3.59	3.0	3.3	4.0

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

**Top Holdings(%)**

Qatar Telecom	16.5
Aldar	13.7
Dolphin Energy	8.8
Ras Laffan Gas	7.5
Bahrain	6.9

**Regional Weights(%)**

	Fund
UAE	46.8
Indonesia	9.4
India	9.2
Qatar	20.2
Bahrain	8.6
Saudi Arabia	2.0
Turkey	2.0
Russia	1.8
Cash	-
<b>Total</b>	<b>100</b>

**Performance Summary**

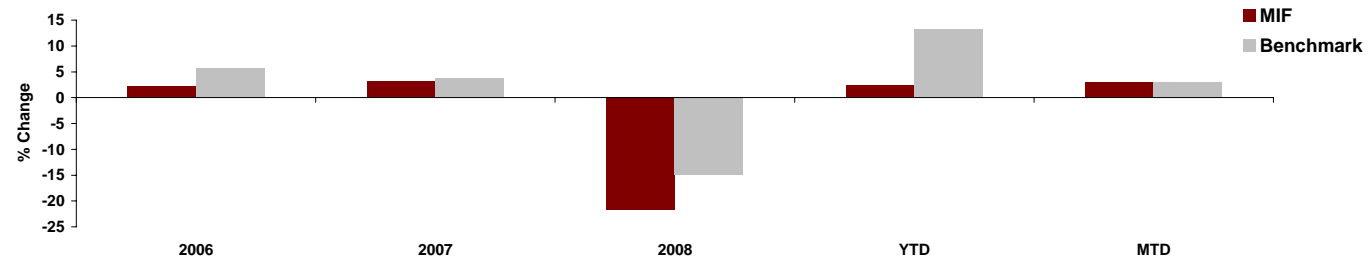
	Fund(%)	Income Summary	Fund
3 Month Return	8.5	YTM	8.69%
YTD	2.5	3 month USD Libor	0.48
		Modified Duration	2.36

**Portfolio Composition**

	Fund(%)	Portfolio Rating Profile	Fund(%)
Bonds	100	AA+ to AA-	17.1
Cash	0	A+ to A-	38.9
		BBB+ to BBB-	20.2
		BB+ to BB-	7.8
		B+ to B-	3.6
		NA	12.5
		Cash	0.0
		<b>Total</b>	<b>100</b>

Source: Bloomberg, Mashreq

**Performance Chart**



**Fund Strategy**

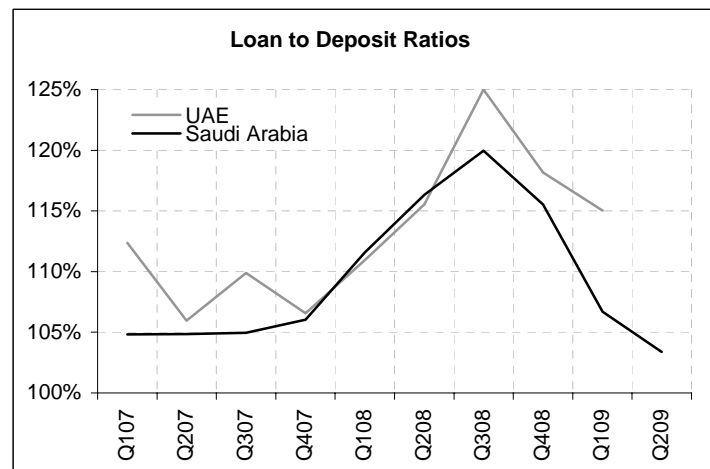
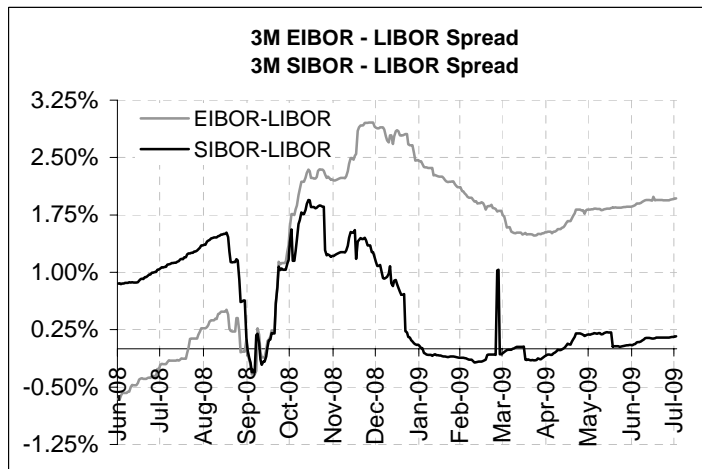
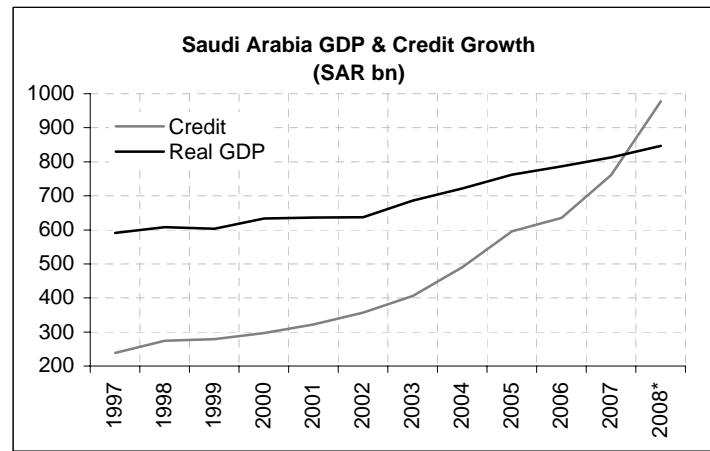
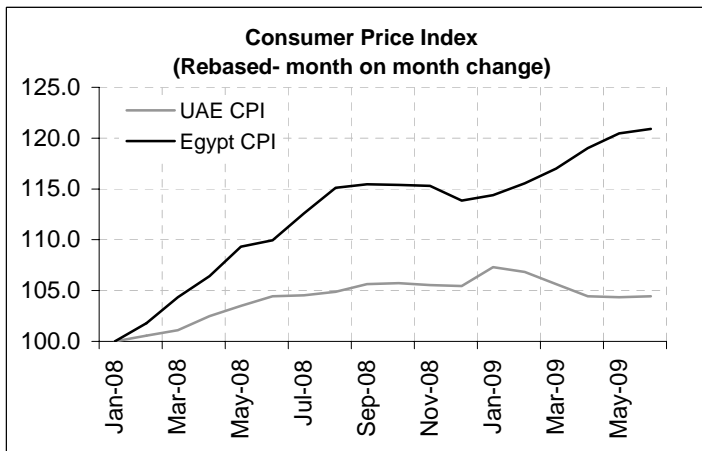
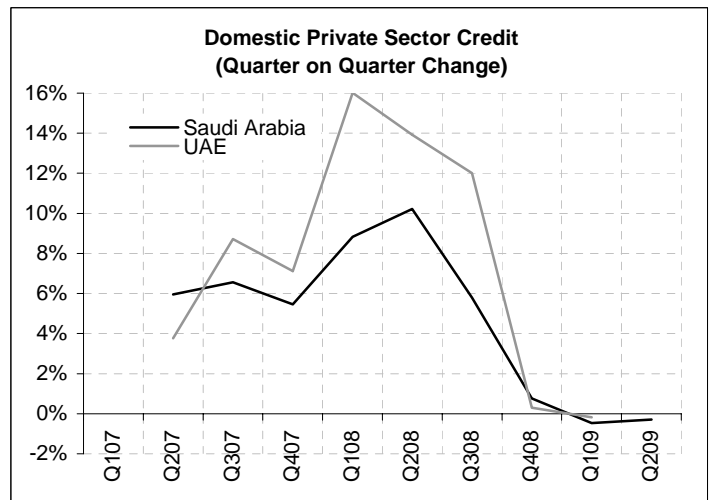
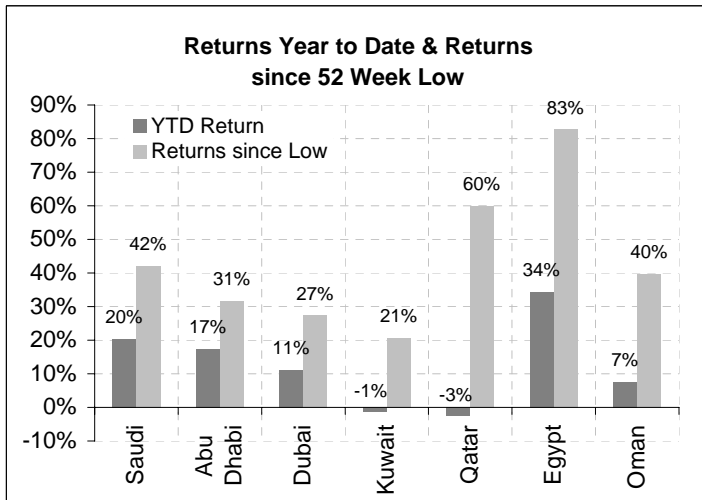
Makaseb Income Fund (MIF) primarily seeks to provide current income along with the stability of capital. Fund's secondary objective is to seek income growth over the long term. The Fund aims to achieve its investment objective by investing in a diversified

- The fund gained 2.96% during the month as the regional fixed income market continued to perform
- Participation in new issue out of the MENA region has helped in performance of the fund during the month.

**Fund Codes:**

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

## Key Economic Themes in pictures



Source: Bloomberg, Mashreq, Central Bank Websites, BMI

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.\*GDP Number is 2008 estimated