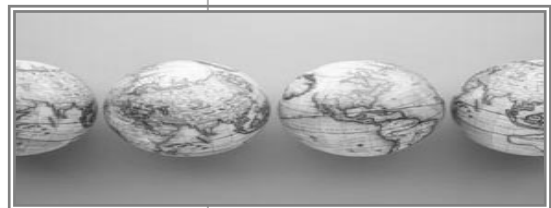


## Monthly Commentary



June 2009

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

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# Manager's Commentary

## The 'lurking' variable

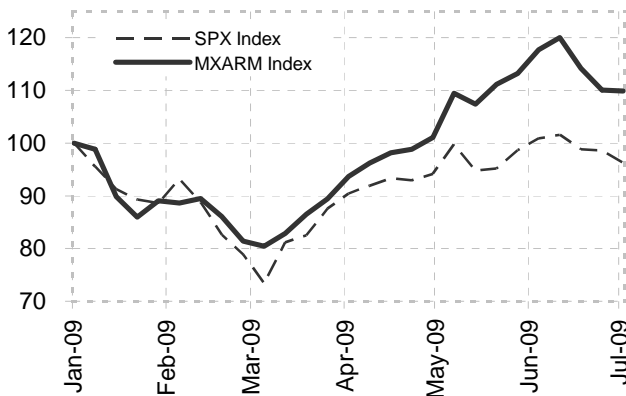
A spurious correlation is defined as a false causal relationship between two variables, both of whom are linked to a third, "lurking" variable. Such correlations often create the fallacy of causality, where a cause and effect relationship is assumed due to the presence of strong correlations. The current tight relationship between the US and regional markets may appear to be a spurious one, however a closer look suggests otherwise.

First up, the relationship between regional markets and the US has been very strong so far this year; the correlation of daily returns YTD is 87.5%, while that of weekly returns is 88.2%. From the lows hit in March, it is an incredible 93.9% (daily returns) and 94.4% (weekly returns). Effectively, since the March lows, about 89% of the returns of local markets are explained away by the performance of the S&P 500 Index.

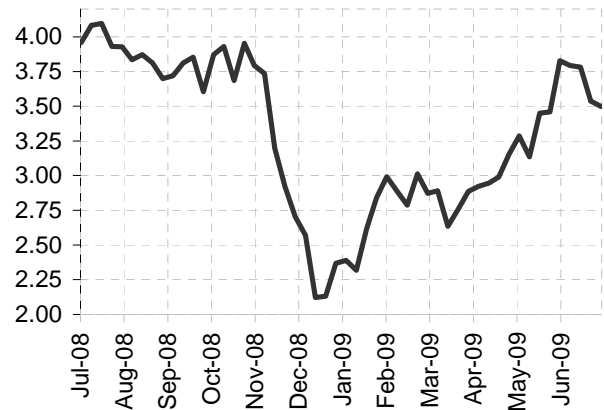
True, the above pattern is not limited to the Middle East, with most global markets taking their cue from the US. However what is worth noting is that within emerging markets, the MENA region has under performed quite significantly so far this year as investors believe the region is more leveraged on a US recovery (due to the dependence on oil revenues) as opposed to other emerging markets where domestic demand is expected to provide a buffer in the absence of strong external demand.

In this context, the sentiment reversal has been predictably spectacular; "green shoots" is the nauseating by product of renewed analyst and strategist optimism. From being worried about deflation in the first quarter, amazingly, the concern shifted to runaway inflation by the second quarter, with no discernible change in economic conditions.

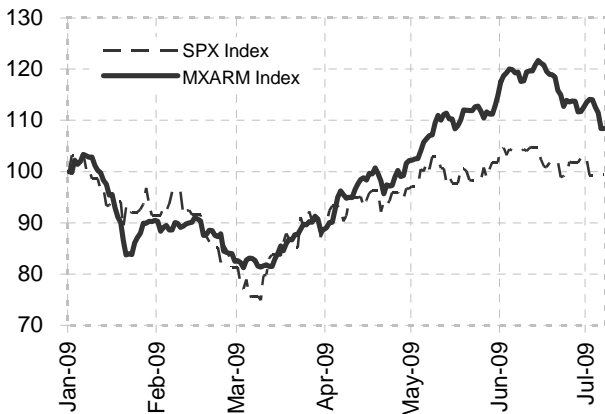
**Weekly Returns**



**US Treasuries 10 Year - Yield**



**Daily Returns**

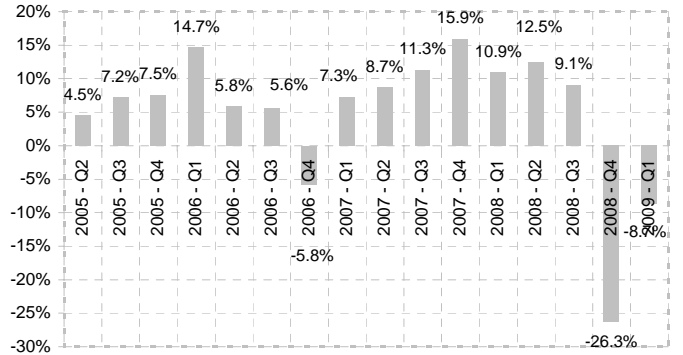


While US Treasury yields tanked early on this year on concerns of deflation, treasuries sold off dramatically as concerns now shifted to accelerating inflation. It seems as if the normal fluctuation in economic data is being construed as evidence of genuine recovery; historically financial crises are followed by weaker recoveries, and there is no reason why this one should be any different. There is no doubt that the historical model of recycling emerging market surplus savings to the west by funding massive trade deficits is now history; as expected, the US deficit of goods and services (monthly) fell 53% from July last year through to this April.

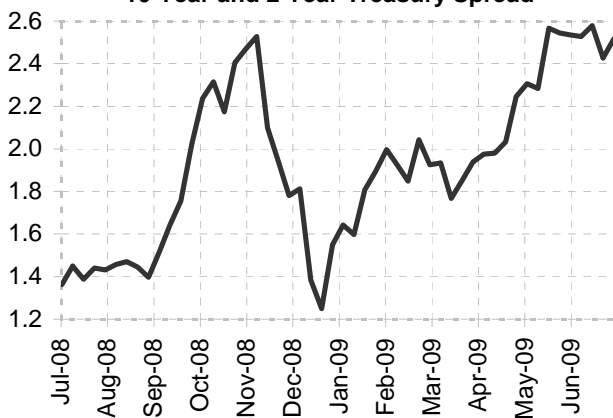
Expectations of a recovery in economic activity has also led to a steepening yield curve, which has been bullish for risk assets, including equities. At least for the US, the emerging bullishness seems to stem from an ignorance of

historic trends. Historically, economic expansions and recessions are caused by swings in investment expenditure, with personal consumption being quite stable. Investment expenditure by definition is generally fuelled by debt, which is nothing but the channeling of domestic and foreign savings. At present, the prospects for a debt fuelled investment boom appear remote at best. The actual contraction in private consumption is worrying, as it suggests that consumers in the US are adjusting to a permanent decline in expected disposable income. True to form markets have run ahead of ground realities, and are pricing in conditions which do not exist. Though it is certainly possible for markets to rally further, a reality check is now the odds on bet.

Qatar GDP QoQ



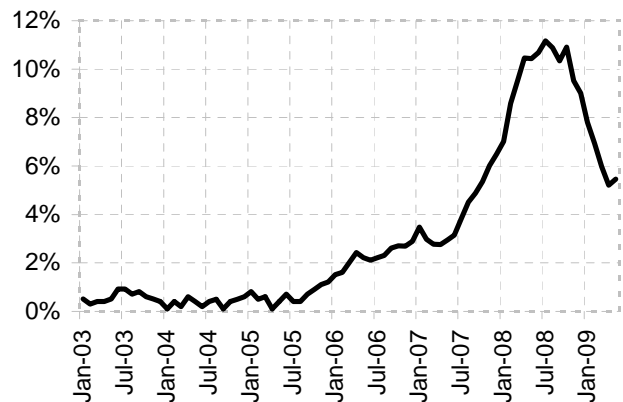
10 Year and 2 Year Treasury Spread



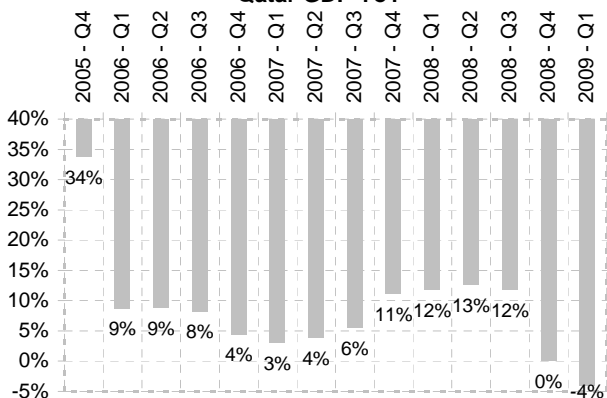
Inflation continues to retreat in the region as well, as evidenced by the experience of Saudi Arabia. From a peak of 10.9% last October, inflation has now dropped to 5.5% in May. Though this trend provides ample room for policymakers to stimulate, lower inflation is not exactly great for several types of businesses which have benefited from strong prices. As inflation falls across the region, margins will come under pressure and growth rates will come down in line with actual volume growth, which is muted in most cases in the current economic environment. Investors need to realign their expectations to a lower growth, tougher environment.

Closer to home, more evidence continues to emerge about the impact of lower average oil prices. Qatar's GDP fell sequentially for a second straight quarter, falling 8.7% in the first quarter. On a running 12 month basis, Qatar's GDP growth is now in negative territory, down 4.1% over last year. Forecasts of positive GDP growth for Qatar are sure to be revised lower. Energy prices will need to rally significantly, rapidly, for Qatar's GDP growth to close the year in the black.

Saudi Arabia Inflation



Qatar GDP YoY



During the month, news broke of the proposed merger of several Dubai Real Estate companies. There are reports that Emaar will merge with Sama Dubai, Tatweer, and Dubai Properties. There are no details available at the moment hence it is difficult to judge the ultimate impact of this merger for Emaar. Among the three Dubai Holding companies, only Dubai Properties has any meaningful assets, with the rest only holding land banks. The merit of potentially issuing a large number of Emaar shares for acquiring more Dubai land is questionable at best, and completely absent at worst. If this merger does goes

through, existing Emaar shareholders may be substantially worse off.

Market activity has fallen considerably with the advent of summer. The combination of low liquidity, and the strong possibility of a sell off in the US suggests that maintaining

a low risk strategy for the next couple of months is the best course of action.

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## Performance Data

MENA Equity Strategies/Benchmarks	Region	Total Return Net of Fees(%)				Annual Total Return(%)			
		Inception Date	June 2009	YTD 2009	YTD Value Added	2008	2007	2006	Since Inception
MEOF	UAE	6/26/05	-4.8	29.8	17.0	-64.6	55.5	-44.5	-64.0
MSCI UAE Domestic*			-8.6	12.8		-68.8	43.3	-44.5	-73.4
MEEF	UAE	2/8/05	-11.7	23.1	6.3	-72.7	50.2	-42.3	-41.9
MSCI UAE Domestic*			-5.3	16.7		-68.8	43.3	-44.5	-44.4
MATF	MENA	11/22/05	-2.7	10.7	-1.9	-51.2	39.0	-8.1	-33.6
MSCI Arabian Index			-2.0	12.6		-55.0	48.2	-40.7	-54.6
MQEF	Qatar	6/21/05	-4.0	-0.9	4.7	-28.3	47.1	-39.2	-38.5
MSCI Qatar			-4.0	-5.6		-28.3	47.3	-42.6	-38.4
MIF	MENA	3/29/06	0.8	-0.5	-10.4	1.7	3.2	-21.7	-19.0
MEIGTR			0.5	9.9		18.2	-11.8	-69.5	1.0
Mashreq ATF	MENA	8/26/08	2.4	5.4	-7.2	1.0			6.5
MSCI Arabian Index			1.3	12.6		-47.7			-41.1

\* 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	June 2009	YTD 2009	2008	2007	2006	Return since Peak
Saudi Tadawul Index	Saudi Arabia	2/25/06	-5.0	16.5	-56.5	39.1	-52.5	-72.9
MSCI Saudi Domestic Index			-5.2	18.0	-58.5	42.3	-52.3	
ADX General Index	Abu Dhabi	5/1/05	-1.8	10.1	-47.5	51.7	-42.3	-57.8
MSCI UAE Domestic Index			-1.4	16.7	-68.8	43.2	-44.5	
DFM General Index	Dubai	11/9/05	-5.0	9.1	-72.4	43.7	-44.4	-79.0
MSCI UAE Domestic Index			-1.4	16.7	-68.8	43.2	-44.5	
Kuwait SE Index	Kuwait	6/24/08	-0.9	3.8	-38.0	24.7	-12.7	-48.4
MSCI Kuwait Domestic Index			4.0	12.8	-47.1	27.1	-8.5	
Doha Stock Mkt Index	Qatar	9/20/05	-7.0	-5.7	-28.1	34.3	-35.5	-49.7
MSCI Qatar Index			-5.1	-6.7	-28.3	47.3	-42.6	
EGX 30 Index	Egypt	5/5/08	-3.8	24.1	-56.4	51.3	10.3	-52.2
MSCI Egypt Index			0.2	18.4	-54.0	49.6	14.3	
Muscat Sec. Mkt Index	Oman	6/11/08	2.0	3.1	-39.8	61.9	14.5	-53.7
MSCI Oman Index			3.1	6.6	-47.0	51.4	-10.0	
Bahrain SE Index	Bahrain	6/15/08	-2.5	-12.3	-34.5	24.2	1.0	-45.5
MSCI Bahrain Index			-6.6	-17.5	-54.9	15.5	3.4	
Morocco CSE Index	Morocco	3/13/08	5.2	3.1	-10.5	25.9	57.4	-23.0
MXMA Index			6.3	5.7	-9.4	32.4	48.3	

Commodities	Total Return(%)			Annual Total Return(%)			
	Peak Date	June 2009	YTD 2009	2008	2007	2006	Return since Peak
Crude Oil	7/3/08	5.4	56.7	-53.5	57.2	0.02	-51.9
Gold	3/14/08	-5.4	5.1	5.8	31.0	23.2	-7.6

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

**Makaseb Arab Tigers Fund (NAV as at 30 June - USD 6.6364)**

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

**Performance**

	Total Return(%)		Total Return(%)			
	June 2009	YTD 2009	One Year	Two Year	Three Year	Since Inception
<b>MATF</b>	<b>-2.7</b>	<b>10.7</b>	<b>-46.3</b>	<b>-33.0</b>	<b>-17.1</b>	<b>-33.5</b>
<b>MXARM</b>	<b>-2.0</b>	<b>12.6</b>	<b>-45.6</b>	<b>-32.2</b>	<b>-39.2</b>	<b>-54.7</b>

	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>
<b>MXARM</b>	<b>1.8</b>	<b>-40.7</b>	<b>48.2</b>	<b>-55.0</b>

**Top Holdings(%)**

Almarai Co.	10.1
Jarir Marketing Co.	9.2
Emirates Telecom Corpotation	6.7
Alinma Bank	5.3
Air Arabia	5.2



**Risk/Return Profile Since Inception**

	Fund	Benchmark
<b>Excess Return</b>	21.0%	
<b>Beta</b>	0.49	
<b>Sharpe Ratio</b>	-0.9	-1.0
<b>Skewness</b>	-0.8	-1.5
<b>Kurtosis</b>	7.8	8.1
<b>Std. Deviation</b>	16.5%	23.1%

**Risk/Return & Tracking**

	vs Benchmark
<b>R-Square</b>	39.4%
<b>Information Ratio</b>	1.1
<b>Treynor Ratio</b>	-0.3
<b>Tracking Error</b>	18.8%
<b>Correlation</b>	0.6

**Sector Weights(%)**

Sector	Fund	Benchmark
Insurance	2.5	0.2
Transport	5.2	2.4
Banks	9.6	33.9
Telecom	11.1	17.2
Utilities	3.7	1.5
Diversified Financials	4.2	3.9
Materials	2.4	22.4
Real Estate	5.8	7.6
Consumer Services	3.0	0.3
Energy	2.7	2.9
Pharmaceuticals	1.8	0.0
Retailing	5.0	0.0
Food & Beverage	14.6	1.9
Capital Goods	4.6	5.4
Com & Professional Serv	9.2	0.3
Cash	14.5	
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

**Characteristics**

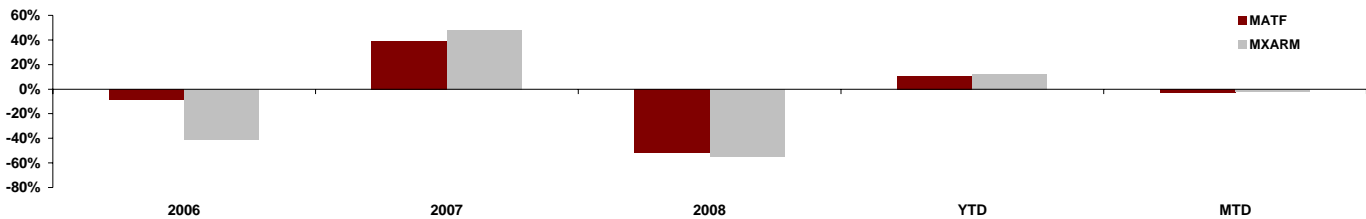
	Fund
<b>Div Yield</b>	4.2%
<b>P/B</b>	3.1
<b>P/E-1 yr</b>	12.9
<b>ROE</b>	26.6%

**Regional Weights(%)**

	Fund	Benchmark
<b>UAE</b>	18.4	7.1
<b>Saudi Arabia</b>	45.4	45.4
<b>Qatar</b>	12.6	5.4
<b>Egypt</b>	7.2	7.7
<b>Oman</b>	-	2.1
<b>Jordan</b>	1.8	1.7
<b>Bahrain</b>	-	1.0
<b>Kuwait</b>	-	22.1
<b>Lebanon</b>	-	1.8
<b>Morocco</b>	-	5.4
<b>Tunisia</b>	-	0.3
<b>Cash</b>	14.5	
<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 lost 2.68% during the month while the benchmark MSCI Arabian Market Index lost 1.96% during the same period.
- The under performance to the tune of 0.72% was the result of stock selection and to some extent asset allocation.
- Our stock picking during the month especially in UAE and Egypt had a detrimental effect on fund's performance, however, our defensive asset allocation provided some cushion.

**Fund Codes:**

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

**Makaseb Qatar Equity Fund (NAV as at 28 June 09 - USD 6.146220)**
**Inception Date: 06/21/05; Benchmark: MSCI Qatar Index**
**Performance**

	Total Return(%)		One Year	Two Year	Three Year	Total Return(%) Since Inception
	June 2009	YTD 2009				
MQEF	-4.0	-0.9	-42.9%	-5.9%	-6.1%	-38.5%
MXQA	-4.0	-5.6	-45.7%	-7.4%	-12.0%	-38.4%

	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	16.3
Qatar Telecom Q.S.C. (Q-Tel)	15.1
Qatar Electric & Water	13.3
Qatar Industries	12.5
Commercial Bank Of Qatar	11.0


**Risk/Return Profile Since Inception**

	Fund	Benchmark
Excess Return	-0.2%	
Beta	0.9	
Sharpe Ratio	-1.4	-1.3
Skewness	-0.1	-0.4
Kurtosis	2.9	3.2
Std. Deviation	31.8%	32.2%

**Risk/Return & Tracking**

	vs Benchmark
R-Square	84.5%
Information Ratio	0.0
Treynor Ratio	-0.5
Tracking Error	12.6%
Correlation	0.9

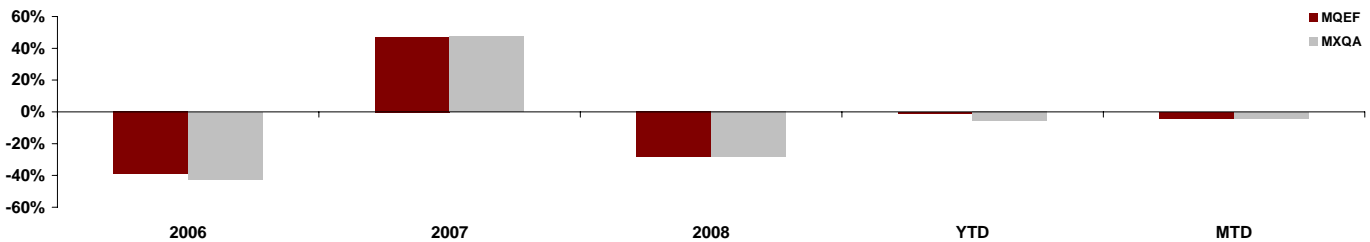
**Sector Weights(%)**

Sector	Fund	Benchmark
Banks	34.6	60.1
Capital Goods	12.5	11.7
Energy	13.6	9.2
Insurance	5.3	2.7
Real Estate	3.5	6.6
Telecom	15.1	6.3
Utilities	13.3	3.4
Cash	2.2	0.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

**Characteristics**

	Fund	Fund
Div Yield	6.1%	8.2
P/B	2.68	24.1%
P/E -1 yr 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.

- Your fund lost 4% in line with the MSCI Qatar Index for the month of June
- Our overweight in utilities and telecommunications gained performance however our stock selection within banking sector underperformed.
- Stock selection within real estate sector outperformed this month but our overweight in Energy and Capital goods detracted performance.

**Fund Codes:**

WKN: A0J3RN  
 ISIN: BH000A0J3RN5  
 Bloomberg Code: MAKQEF D BI  
 Zaway Code: MAKQ TRE.MF  
 Reuters ID: LP65038278  
 Lipper ID: 65038278

**Makaseb Emirates Opportunities Fund (NAV as at 28 June 09 - USD 3.605252)**

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

**Performance**

	Total Return(%)		Total Return (%)			
	June 2009	YTD 2009	One Year	Two Year	Three Year	Since Inception
MEOF	-4.8	29.8	-55.4	-33.7	-30.5	-64.0
MXAED	-8.6	12.8	-62.8	-54.8	-54.1	-73.4

	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(%)**

Air Arabia	19.1
Al-Dar Properties Pjsc	15.19
Arabtec Holding Co. P.J.S.C	12.79
Arab Intl Logistics	11.56
Islamic Arab Insurance Compa	10.89



**Risk/Return Profile Since Inception**

	Fund	Benchmark
Excess Return	9.5%	
Beta	0.7	
Sharpe Ratio	-1.3	-1.6
Skewness	-0.7	-0.8
Kurtosis	10.5	4.2
Std. Deviation	53.5%	48.4%

**Risk/Return & Tracking**

	vs Benchmark
R-Square	47.2%
Information Ratio	0.3
Treynor Ratio	-0.9
Tracking Error	31.6%
Correlation	0.7

**Sector Weights(%)**

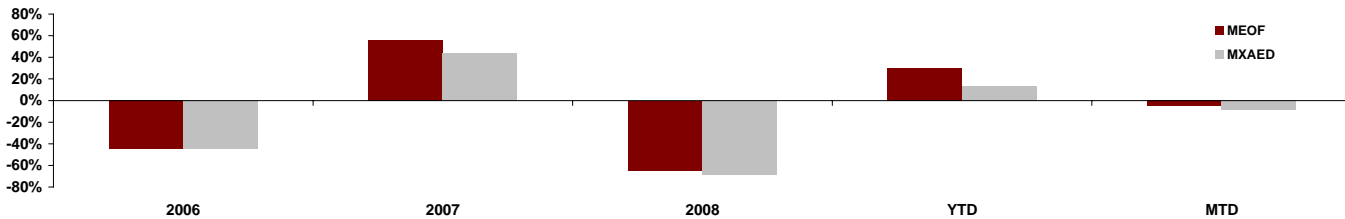
Sector	Fund	Benchmark
Banks	0.0	34.0
Insurance	10.9	0.0
Diversified Financials	0.0	12.7
Energy	0.0	5.6
Capital Goods	12.8	0.0
Real Estate	15.2	32.1
Telecom	0.0	2.2
Transportation	30.7	7.7
Utilities	0.0	3.1
Materials	0.0	2.5
Cash	30.5	
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

**Characteristics**

	Fund	Fund
Div Yield	3.6%	7.33
P/B	0.98	16.8%
P/E- 1Yr ROE		

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 lost 4.8% during the month whereas the benchmark MSCI UAE Index (MXAED Index) lost 8.6% during the same period.
- Asset Allocation contributed to the out performance of the fund. Our overweight position in Transportation and Capital Goods resulted in relative performance.
- Security Selection also contributed favourably in generating alpha.

**Fund Codes:**

WKN: AOJ3RP  
 ISIN: BH000AOJ3RPO  
 Bloomberg Code: MAKEOFD BI  
 Zawya Code: MAKEMRD.MF  
 Reuters ID: LP65038279  
 Lipper ID: 65038279

**Makaseb Emirates Equity Fund (NAV as at 30 June 09 - USD 5.81423)**

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

**Performance**

	Total Return(%)		Total Returns(%)			
	June 2009	YTD 2009	One Year	Two Year	Three Year	Since Inception
MEEF	-11.7	23.1	-63.5	-56.4	-72.9	-41.9
MXAED	-5.3	16.7	-61.4	-53.9	-72.1	-44.4

	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(%)**

Emaar Properties	26.5
Emirates Telecom	17.6
Dubai Financial Market	12.2
Arabtec Holding Co	11.4
Dana Gas	9.1



**Risk/Return Profile Since Inception**

	Fund Benchmark	
Excess Return	2.6%	
Beta	0.9	
Sharpe Ratio	-1.3	-1.5
Skewness	0.3	0.2
Kurtosis	3.3	3.5
Std. Deviation	34.9%	33.7%

**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(%)**

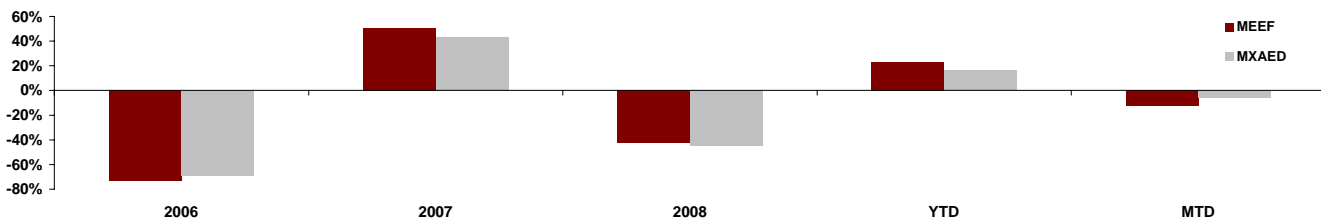
Sector	Fund	Benchmark
Banks	5.0	34.0
Capital Goods	11.4	0.0
Diversified Financials	12.2	12.7
Energy	9.1	5.6
Insurance	0.0	0.0
Materials	0.0	2.5
Real Estate	26.5	32.1
Telecom	17.6	2.2
Transportation	6.3	7.7
Utilities	6.9	3.1
Cash	5.0	0.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

**Characteristics**

Div Yield	Fund 2.6%	P/E- 1yr	Fund 8.38
P/B	1.16	ROE	20.2%

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 11.7% during the month underperforming the MSCI UAE Index by 5.3%
- Our overweight in utilities and lack of exposure to Abu Dhabi banks were responsible for most of the underperformance.
- Our exposure to capital goods which is off index bet also detracted performance.

**Fund Codes:**

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

**Mashreq Arab Tigers Fund (NAV as at 30 June 09 - USD 10.6470)**

**Inception Date: 08/26/08; Benchmark: MSCI Arabian Market Index**

**Performance**

	Total Return(%)		Total Return(%) Since Inception
	June 2009	YTD 2009	
MashreqATF	2.4	5.4	6.5
MXARM	1.3	12.6	-41.1

**Top Holdings(%)**

Abu Dhabi Sovereign Bond	27.4
Qatar Fuel	8.9
Islamic Arab Insurance Co.	6.5
Qatar Electric & Water	5.7
Qatar Gas& Transport	5.1

**Risk/Return Profile Since Inception**

	Fund	Benchmark
Excess Return	47.5%	
Beta	0.04	
Sharpe Ratio	0.3	-1.5
Skewness	2.6	-0.6
Kurtosis	15.9	2.1
Std. Deviation	10.4%	33.1%

**Risk/Return & Tracking vs Benchmark**

R-Square	2.1%
Information Ratio	1.5
Treynor Ratio	0.7
Tracking Error	32.6
Correlation	0.15

**Sector Weights(%)**

Sector	Fund	Benchmark
Insurance	6.5	0.2
Transport	4.5	2.4
Banks	4.6	33.9
Telecom	4.7	17.2
Utilities	5.7	1.5
Diversified Financials	3.5	3.9
Materials	0.0	22.4
Real Estate	0.0	7.6
Consumer Services	0.0	0.3
Energy	14.0	2.9
Food & Beverage	0.0	1.9
Capital Goods	8.2	5.4
Com & Professional Serv	0.0	0.3
Bonds	27.4	0.0
Cash	20.9	0.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

**Characteristics**

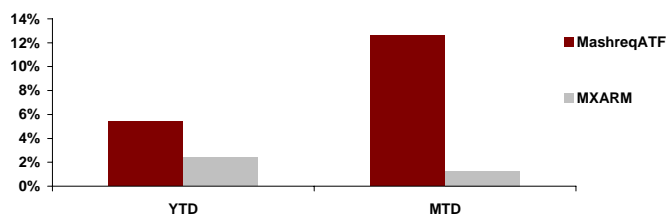
	Fund
Div Yield	4.8%
P/B	1.22
P/E- 1Yr	8.73
ROE	29.8%

**Regional Weights(%)**

	Fund	Benchmark
UAE	38.4	7.1
Saudi Arabia	0.0	45.4
Qatar	28.0	5.4
Egypt	9.7	7.7
Oman	3.0	2.1
Jordan	0.0	1.7
Bahrain	0.0	1.0
Kuwait	0.0	22.1
Lebanon	0.0	1.8
Morocco	0.0	5.4
Tunisia	0.0	0.3
Cash	20.9	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 gained 2.39% during the month, where as the benchmark MSCI Arabian Markets Index gained 1.26% during the same period.
- Bulk of fund's outperformance of 1.13% is attributed to asset allocation where as stock selection also helped gain performance.
- The fund is well placed to capitalize on opportunities that are rapidly appearing in regional stock markets due to summer season and drying up of liquidity across the board.

**Fund Codes:**

WKN: A0RDDX  
 ISIN: IE00B29MW600  
 Bloomberg Code: MASARTI ID  
 Reuters ID: LP 65122961  
 Lipper ID: 65122961



**Makaseb Income Fund (NAV as at 30 June 09 - USD 8.0999 )**
**Inception Date: 03/29/06 ; Benchmark: HSBC/Nasdaq Dubai Middle East Investment Grade Sukuk/Bond Index**

	Total Return(%)		Total Return(%)			
	June 2009	YTD 2009	One Year	Two Year	Three Year	Since Inception
MIF	0.8	-0.5	-20.6	-20.9	-18.1	-19.0
MEIGTR	0.5	9.9	-6.81	-4.7	0.8	1.0

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

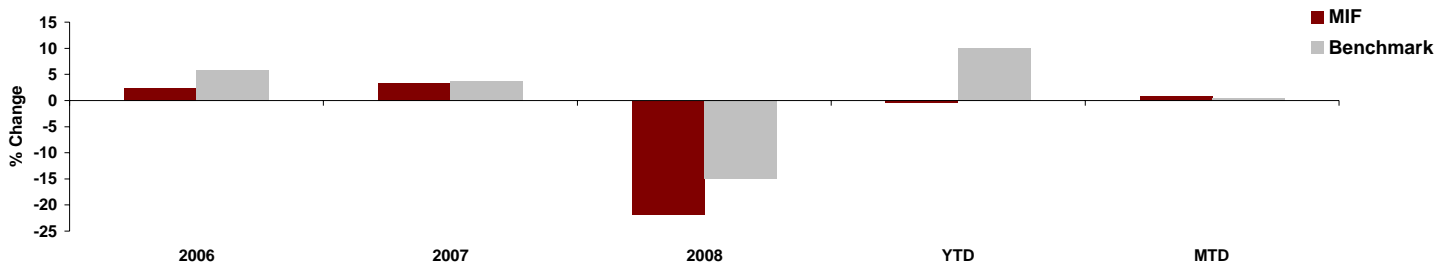
Top Holdings(%)	
Qatar Telecom	16.5
Ras Al Khaimah Capital	9.8
Aldar	9.2
Ras Laffan Gas	7.5
Bahrain	7.2

Regional Weights(%)	
UAE	43.2
Indonesia	9.7
India	9.7
Qatar	20.1
Bahrain	8.8
Saudi Arabia	2.3
Turkey	2.0
Russia	1.9
Cash	2.2
<b>Total</b>	<b>100</b>

Performance Summary		Income Summary	
3 Month Return	Fund(%) 9.0	YTM	Fund 9.25%
YTD	Fund(%) -0.5	3 month USD Libor	0.60
		Modified Duration	1.92

Portfolio Composition		Portfolio Rating Profile	
Bonds	Fund(%) 97.8	AA+ to AA-	Fund(%) 9.8
Cash	2.2	A+ to A-	42.1
		BBB+ to BBB-	21.1
		BB+ to BB-	6.2
		B+ to B-	5.5
		NA	13.1
		Cash	2.2
		<b>Total</b>	<b>100</b>

Source: Bloomberg, Mashreq

**Performance Chart**

**Fund Strategy**

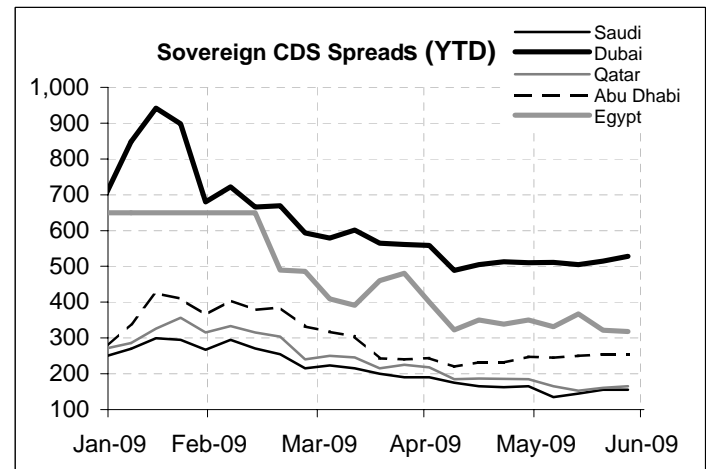
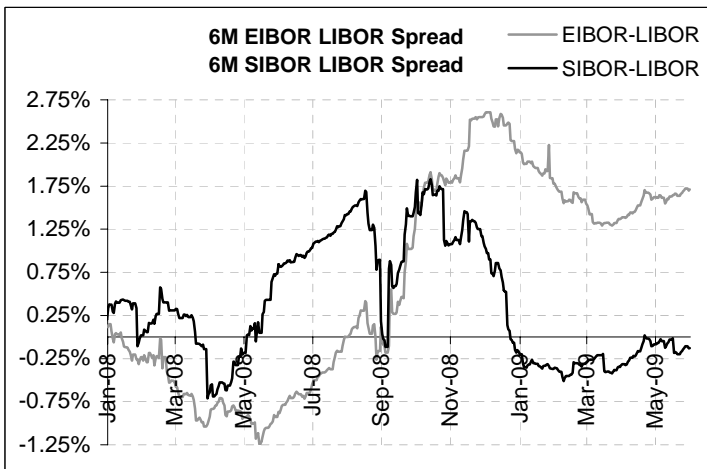
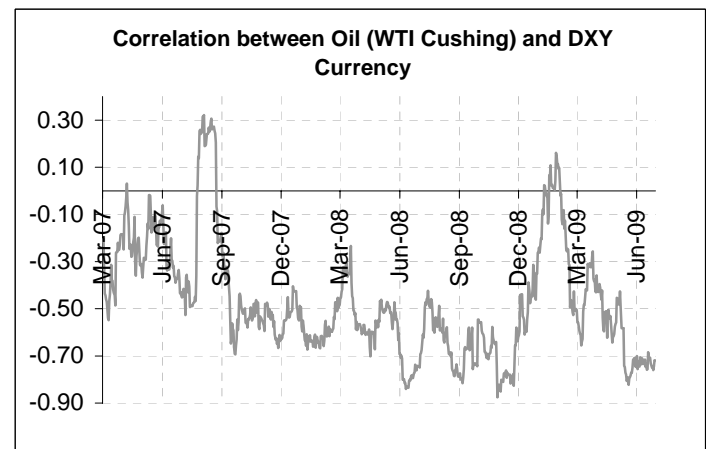
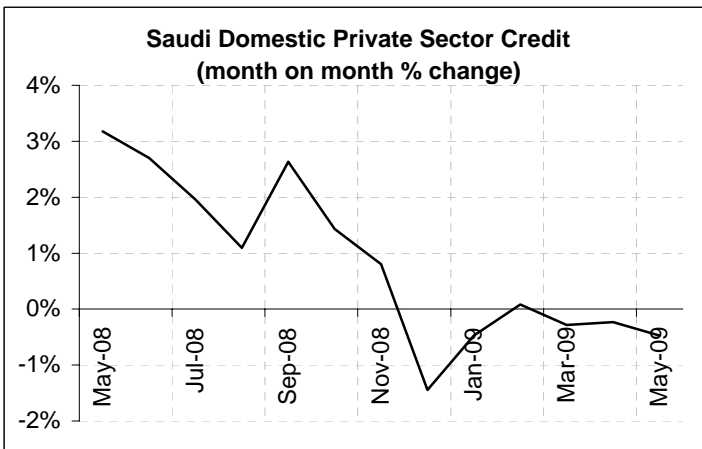
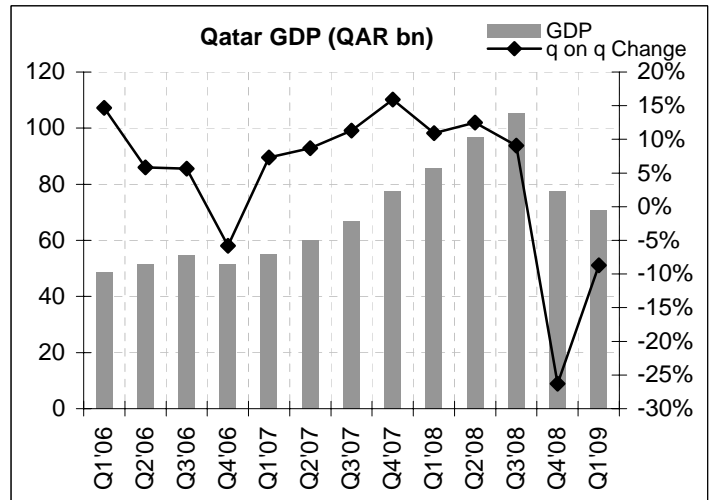
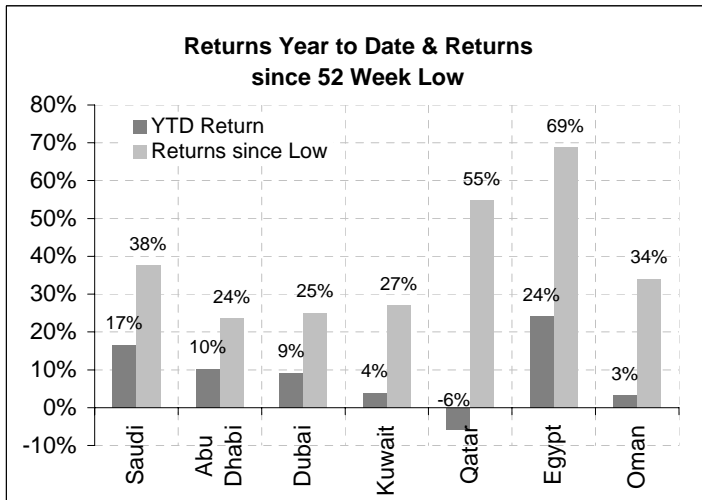
Makaseb Income Fund (MIF) primarily seeks to provide current income along with the stability of capital. Fund's secondary objective is to seek income growth over the long term. The Fund aims to achieve its investment objective by investing in a diversified portfolio of fixed and floating rate investments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

- The fund gained 0.8% during the month as the regional fixed income market rebounded.
- Participation in new issue out of the MENA region has helped in performance of the fund during the month.
- The fund is diversified into Dubai related corporates that have strong cash flows and liquidity but are trading at cheap valuations due to the Nakheel hangover in the regional markets.

**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

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