

Monthly Commentary



May 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

contact@makaseb.com

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Performance Data

MENA Equity Strategies/Benchmarks	Region	Total Return Net of Fees(%)			Annual Total Return(%)				
		Inception Date	May 2009	YTD 2009	YTD Value Added	2008	2007	2006	Since Inception
MEOF	UAE	6/26/05	19.1	36.3	13.0	-64.6	55.5	-44.5	-62.1
MSCI UAE Domestic*			18.0	23.3		-68.8	43.3	-44.5	-70.9
MEEF	UAE	2/8/05	15.1	39.4	16.1	-72.7	50.2	-42.3	-34.1
MSCI UAE Domestic*			15.8	23.3		-68.8	43.3	-44.5	-41.3
MATF	MENA	11/22/05	8.3	13.7	-1.1	-51.2	39.0	-8.1	-31.8
MSCI Arabian Index			12.4	14.8		-55.0	48.2	-40.7	-53.7
MOEF	Qatar	6/21/05	20.5	3.2	4.9	-28.3	47.1	-39.2	-36.0
MSCI Qatar			25.4	-1.7		-28.3	47.3	-42.6	-35.8
MIF	MENA	3/29/06	4.5	-1.2	-10.5	1.7	3.2	-21.7	-19.6
MEIGTR			2.7	9.3		18.2	-11.8	-69.5	0.3
Mashreq ATF	MENA	8/26/08	2.9	3.0	-8.2	1.0			4.0
MSCI Arabian Index			8.8	11.2		-47.7			-41.8

* 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	May 2009	YTD 2009	2008	2007	2006	Return since Peak
Saudi Tadawul Index	Saudi Arabia	2/25/06	4.8	22.7	-56.5	39.1	-52.5	-71.4
MSCI Saudi Domestic Index			9.4	24.5	-58.5	42.3	-52.3	
ADX General Index	Abu Dhabi	5/1/05	6.1	12.1	-47.5	51.7	-42.3	-57.0
MSCI UAE Domestic Index			11.2	18.4	-68.8	43.2	-44.5	
DFM General Index	Dubai	11/9/05	17.0	14.8	-72.4	43.7	-44.4	-77.9
MSCI UAE Domestic Index			11.2	18.4	-68.8	43.2	-44.5	
Kuwait SE Index	Kuwait	6/24/08	7.8	4.7	-38.0	24.7	-12.7	-47.9
MSCI Kuwait Domestic Index			14.8	8.4	-47.1	27.1	-8.5	
Doha Stock Mkt Index	Qatar	9/20/05	24.6	1.4	-28.1	34.3	-35.5	-45.9
MSCI Qatar Index			22.8	-1.7	-28.3	47.3	-42.6	
EGX 30 Index	Egypt	5/5/08	14.2	28.9	-56.4	51.3	10.3	-50.3
MSCI Egypt Index			10.3	18.2	-54.0	49.6	14.3	
Muscat Sec. Mkt Index	Oman	6/11/08	7.2	1.1	-39.8	61.9	14.5	-54.6
MSCI Oman Index			9.0	3.4	-47.0	51.4	-10.0	
Bahrain SE Index	Bahrain	6/15/08	1.6	-10.1	-34.5	24.2	1.0	-44.1
MSCI Bahrain Index			1.8	-11.7	-54.9	15.5	3.4	
Morocco CSE Index	Morocco	3/13/08	-1.5	-2.0	-10.5	25.9	57.4	-26.8
MXMA Index			-2.4	-0.5	-9.4	32.4	48.3	

Commodities	Total Return(%)			Annual Total Return(%)			
	Peak Date	May 2009	YTD 2009	2008	2007	2006	Return since Peak
Crude Oil	7/3/08	29.7	48.7	-53.5	57.2	0.02	-54.4
Gold	3/14/08	10.2	11.0	5.8	31.0	23.2	-2.4

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
Gulf Cooperative Council				
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	A/Stable/F1	A/Stable
Levant				
Jordan	BB/Stable/B	Baa3/Stable	NR	CCC/Stable
Egypt	BB+/Stable/B	Ba1/Stable	BB+/Stable/B	BB/Stable
North Africa				
Morocco	BB+/Stable/B	Ba1/Stable	BBB-/Stable/F3	BB/Negative
Tunisia	BBB/Stable/A-3	A3/Stable	BBB/Stable/F2	BB/Stable

Manager's Commentary

Risk assets had another good month, with equity markets globally (MENA up 12.4%, S&P up 5.3%, MSCI EM up 16.7%) continuing the recent rebound. In Mena, Qatar (24.6%) topped the monthly charts with Dubai (17%) close behind. For the year, Mena is now up 14.8% with Egypt (28.9%) and Saudi Arabia (22.7%) being the top gainers. As a side note, Saudi (4.8%) again closely tracked the S&P (5.3%) for the month.

Generally, trading volumes have also risen, indicating broadening participation in the rally. However, the cash positions of at least the regional fund managers still appear on the high side generally, suggesting that most active managers have missed some of this move. Perhaps this explains some of the calls for an imminent correction!

for bank and corporates) over the past few months, it would be silly not to expect some signs of traction.

The primary catalyst for the current economic crisis is still going strong, namely the US housing market. Prices are still dropping (the Case Schiller 20 city composite fell 19% yoy for the first quarter) and inventories still remain high, despite mortgage rates being quite low. Though prices are significantly lower, higher unemployment and tighter lending standards are contributing to the continuing drop in prices. A stabilizing US housing market is essential for any future recovery to take hold. Though the rapid decline in housing starts would suggest that the ultimate low for the housing market cannot be that far off, we are clearly not there yet. US Home prices have not really declined significantly since the second world war, and the shattering of buyer behavior conditioned on almost seven



Although the recent performance of risk assets is in line with historic patterns, the corresponding improvement in sentiment and expectations is also sadly in line. The belief here is firmly that bear market rallies (another bull market this is not) serve the purpose of sucking in fresh risk capital. The gradual improvement of sentiment, now being followed by earning estimates being revised upwards, suggests that the current rally is just starting to serve its ultimate purpose. Also, the abundance of confident skeptics predicting an imminent correction indicates that there is some steam left in this move.

As markets have rallied, analysts and strategists have started becoming positive in response; now, talk of a V shaped recovery is beginning. Pretty soon a full blown bull market will be forecast for 2010. The basis for this optimism is two fold; first, the fact that stock markets (and commodities, and oil, and gold, and fixed income, and) have rallied, so there must be a reason why that has happened (since stock markets are supposed to be forward looking, they must be discounting a recovery, right?). Second, some data (principally Chinese PMI) are pointing to a modest recovery, or at least some stabilization. The mainstream view follows that this has triggered the smart recovery in risk assets, which should continue on the back of further signs of traction. Following the truly unprecedented size of global stimulus and risk mitigation (through guaranteeing various liabilities, both

decades of experience will take some adapting. The experience of Japan after a similar episode (after forty years of nominal price increases) suggests that all market participants will need time to adjust to the new reality of volatile real estate prices.

Closer to home, some analysts are pointing to the almost 50% recovery in oil prices as the catalyst for the smart rally in Mena markets. Interestingly, over the first 8 months of last year, Saudi Arabia, the world's largest oil exporter, saw its stock market lose a fifth of its value while oil prices were surging all the way to almost USD 150 per barrel. Although higher oil prices are certainly positive for government revenues, and will help to mitigate the impact of aggressive spending plans, they are in no way a robust explanation for recent strength in capital markets in the region.

A gradual recovery in global risk appetite as evidenced by inflows into GEMs equity and debt funds is a far better explanation for the current rally. Investor tendency is usually to extrapolate recent trends, which helps explain why trends (both positive and negative) gain momentum over time. The same mechanism that drove markets down sharply earlier

this year is now in full swing, albeit in the opposite direction. Unless there is a dramatic reversal of the recent inflows, markets will continue to remain well bid.

Although it is likely that capital markets will continue to rally for a while yet, looking for fundamental reasons for such a phenomenon appears futile. At both a global as well as regional level, there continues to be plenty of evidence of a sharply weaker economy, with some bumps down the road as well. Globally, Chinese data has surprised on the upside, but that was surely to be expected on the back of the massive stimulus package announced by the Chinese authorities. The fate of this upturn however ultimately still hinges on a recovery in US consumption, which appears quite unlikely at the moment. Hence it is quite likely that over the next 2-3 quarters Chinese growth will stall once more.

Closer to home, further news of stress continues to emerge, with the default of International Banking Corporation in Bahrain, an entity wholly owned by the Al Ghosaibi group of Saudi Arabia. Hot on the heels of this news came reports that the head of the Saad group has had his accounts frozen by SAMA, and soon the Saad group also announced that they are looking for restructuring their debt. The almost simultaneous occurrence of both these events (some reports suggest that these are actually linked) indicates the potential problems in bank loan books. In some cases regulator actions also confirmed the existence of issues, as shown by the latest move by the Government of Qatar. The Qatari authorities have offered to purchase over USD 4 billion of real estate related assets from Qatari banks. This follows a similar move for equity portfolios, and a capital injection as well. The Qatar Government scores full marks for acting decisively, but the actions do indicate the current state of affairs. In Dubai, it is expected that a large number of families will leave the emirate during the

summer break, after the end of the academic year. During a recent visit to Bahrain, we observed anecdotal evidence of semi skilled workers receiving their compensation up to 3 months in arrears. Economic activity clearly remains weak, and significant challenges remain in the future as well.

What the above means for capital markets is probably a wide trading range, over the next couple of years, which should coincide nicely with a gradual stabilization of regional and global economies. The prospect of lower growth (or more normal growth) in the future is also likely to keep subsequent equity returns muted. Although the recent advance has been fast and furious, the high cash holdings in some regional funds would suggest the potential for even more strength. Regardless, the current environment will test investor discipline as low quality businesses lead the rally, and some sound names remain laggards. The only prudent strategy remains to allocate risk to fundamentally sound names (avoiding cyclicals which have surged thus far) with the realization that short term returns may lag the broader market. Historically bear market rallies tend to give up most of their gains, it is quite possible that the current one may do just that. Investors will be well advised to stick to their fundamental discipline and avoid chasing low quality beta plays to avoid compromising long term returns.

Ibrahim Masood

IbrahimMa@Mashreqbank.com

Makaseb Arab Tigers Fund (NAV as at 31 May - USD 6.8197)

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

	Total Return(%)		Total Return(%)			
	May	YTD	One	Two	Three	Since
	2009	2009	Year	Year	Year	Inception
MATF	8.3	13.7	-45.8	-30.2	-16.8	-31.7
MXARM	12.4	14.8	-45.2	-32.4	-33.5	-53.8

	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(%)	
Jarir Marketing Co.	9.2
Almarai Co.	9.1
Emirates Telecom Corpotation	6.6
Alinma Bank	5.6
Al-Hokair	5.4



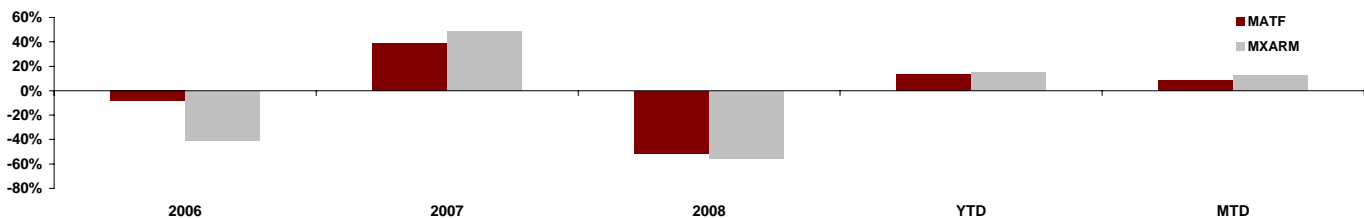
Risk/Return Profile Since Inception			Risk/Return & Tracking	
	Fund	Benchmark	vs Benchmark	
Excess Return	11.6%		R-Square	39.0%
Beta	0.49		Information Ratio	1.2
Sharpe Ratio	-0.9	-1.0	Treynor Ratio	-0.3
Skewness	-0.8	-1.5	Tracking Error	17.9%
Kurtosis	7.8	7.8	Correlation	0.6
Std. Deviation	16.4%	23.2%		

Sector Weights(%)		
Sector	Fund	Benchmark
Insurance	2.5	0.1
Transport	5.1	2.4
Banks	13.0	34.5
Telecom	14.9	16.4
Utilities	3.4	1.5
Diversified Financials	4.9	3.9
Materials	6.6	22.8
Real Estate	11.7	7.5
Consumer Services	9.2	0.2
Energy	0.0	2.9
Pharmaceuticals	1.6	0.0
Retailing	4.5	0.0
Food & Beverage	13.8	1.8
Comm. & Prof. Serv	0.0	0.3
Capital Goods	8.0	5.6
Cash	0.8	0.0
Total	100.0	100.0

Characteristics		Regional Weights(%)		
	Fund		Fund	Benchmark
Div Yield	4.4%	UAE	20.5	7.4
P/B	3.2	Saudi Arabia	51.7	47.0
P/E - 1Yr	12.9	Qatar	13.9	5.6
ROE- 1Yr	27.1%	Egypt	11.5	7.8
		Jordan	1.6	1.9
		Oman	0.0	2.0
		Bahrain	0.0	1.1
		Kuwait	0.0	20.7
		Lebanon	0.0	1.4
		Morocco	0.0	4.9
		Tunisia	0.0	0.3
		Cash	0.8	0.0
		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 earned a return of 8.3% whereas the benchmark MSCI Arabian Markets Index increased by 12.4%.
- Bulk of the underperformance can be attributed to security selection. Our exposure to Retail and Telecommunications and lack thereof in Real Estate and Banks were the key reasons for poor monthly performance.
- Asset allocation also detracted performance as the Fund was cautiously positioned at the start of the month however currently it holds frictional cash.

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 31 May 09 - USD 6.4030)

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

Performance

	Total Return(%)		One Year	Two Year	Total Return(%)	
	May 2009	YTD 2009			Three Year	Since Inception
MQEF	20.5	3.2	-42.6%	-2.8%	-5.4%	-36.0%
MXQA	25.4	-1.7	-44.4%	-5.1%	-9.6%	-35.8%

Top Holdings(%)

Qatar National Bank	15.7
Qatar Industries	14.2
Qatar Telecom Q.S.C. (Q-Tel)	13.7
Qatar Electric & Water	12.8
Commercial Bank Of Qatar	12.2

	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/Return Profile Since Inception

	Fund	Benchmark
Excess Return	-0.2%	
Beta	0.9	
Sharpe Ratio	-1.3	-1.3
Skewness	-0.1	-0.4
Kurtosis	3.0	3.2
Std. Deviation	31.8%	32.0%

Risk/Return & Tracking

	vs Benchmark
R-Square	85.4%
Information Ratio	0.0
Treynor Ratio	-0.4
Tracking Error	12.6%
Correlation	0.9

Sector Weights(%)

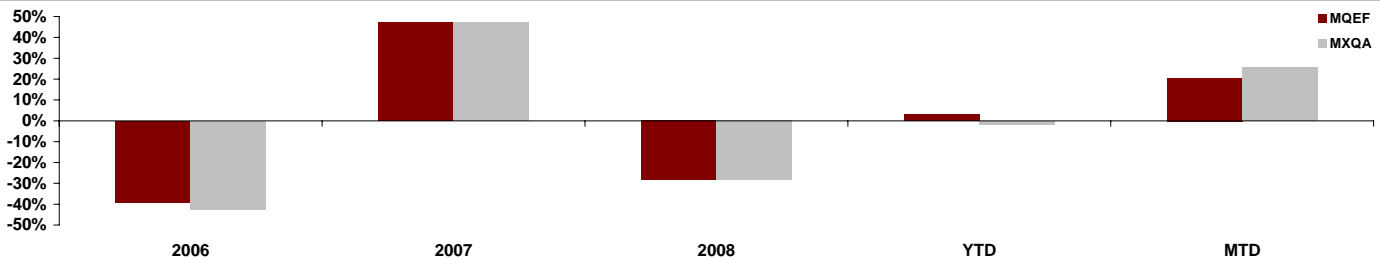
Sector	Fund	Benchmark
Banks	35.5	60.9
Capital Goods	14.2	11.9
Energy	4.1	8.8
Insurance	4.9	2.5
Real Estate	3.9	7.3
Telecom	13.7	5.5
Utilities	12.8	3.1
Cash	10.8	0.0
Total	100.0	100.0

Characteristics

	Fund	Fund
Div Yield	6.0%	9.3
P/B	2.9	25.1%
		P/E - 1Yr
		ROE - 1Yr

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 20.5% during the month underperforming the MSCI Qatar Index by 4.5%
- Our lack of exposure to Masraf Al Rayan and Nakilat the heavy weighted index has detracted from performance as the stocks jumped by 29% and 16% respectively during the month.
- The fund's overweight in Capital Goods, Utilities and Telecommunications has performed very well this month which has covered a significant part of the underperformance resulted from selection within the banking sector.
- The decision by the DSM authority to suspend Qatar Fuel until further notice on merger with Qatar Technical Inspection has prevented our exposure to the stock to benefit from the rally.

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 31 May 09 - USD 6.5864)

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

Performance

	Total Return(%)		Total Returns(%)			
	May 2009	YTD 2009	One Year	Two Year	Three Year	Since Inception
MEEF	15.1	39.4	-61.3	-51.0	-60.8	-34.1
MXAED	15.8	23.3	-61.0	-52.0	-65.4	-41.3

	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 Telecommunications C	22.9
Aldar Properties PJSC	9.2
Dana Gas PJSC	8.3
Abu Dhabi National Energy Co	7.4
Emaar Properties PJSC	5.9



Risk/Return Profile Since Inception

	Fund	Benchmark
Excess Return	7.2%	
Beta	0.9	
Sharpe Ratio	-1.1	-1.4
Skewness	0.3	0.2
Kurtosis	3.4	3.6
Std. Deviation	34.6%	33.4%

Risk/Return & Tracking

	vs Benchmark
R-Square	76.7%
Information Ratio	0.4
Treynor Ratio	-0.4
Tracking Error	17.2%
Correlation	0.9

Sector Weights(%)

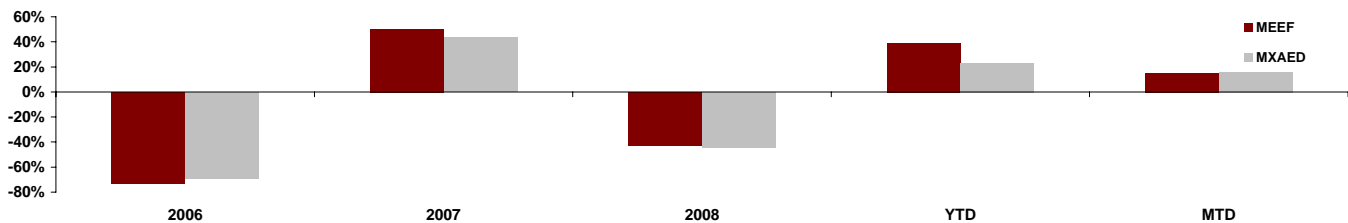
Sector	Fund	Benchmark
Banks	4.2	30.8
Capital Goods	3.7	0.0
Diversified Financials	3.0	12.8
Energy	7.4	5.4
Insurance	4.1	0.0
Materials	0.0	2.7
Real Estate	23.3	34.6
Telecom	22.9	2.3
Transportation	5.9	7.8
Utilities	8.3	3.5
Cash	17.2	0.0
Total	100.0	100.0

Characteristics

	Fund	Fund
Div Yield	3.8%	P/E - 1Yr 7.43
P/B	1.25	ROE - 1Yr 21.8%

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 15.1% during the month slightly underperforming the MSCI UAE Index by 0.7%
- Our overweight in energy, diversified financials, and capital goods has added alpha this month.
- Meanwhile our stock selection within Transportation coupled with our underweight in real estate and banks has 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 31 May 09 - USD 3.7865)
Inception Date: 06/26/05; Benchmark: MSCI UAE Domestic Index
Performance

	Total Return(%)		Total Return (%)			
	May 2009	YTD 2009	One Year	Two Year	Three Year	Since Inception
MEOF	19.1	36.3	-55.8	-32.3	-35.7	-62.1
MXAED	18.0	23.3	-60.5	-51.4	-52.7	-70.9

	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

Risk/Return Profile Since Inception

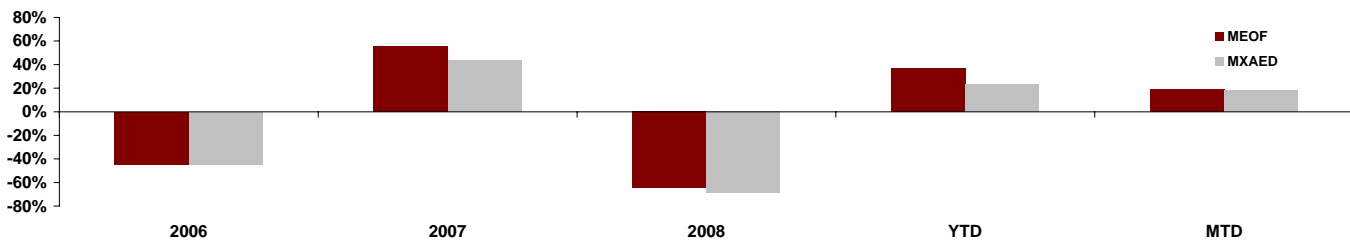
	Fund benchmark	
Excess Return	8.8%	
Beta	0.7	
Sharpe Ratio	-1.3	-1.6
Skewness	-0.8	-0.9
Kurtosis	11.4	4.6
Std. Deviation	52.4%	47.3%

Risk/Return & Tracking

	vs Benchmark
R-Square	45.1%
Information Ratio	0.3
Treynor Ratio	-0.9
Tracking Error	31.6%
Correlation	0.7

Characteristics

	Fund		Fund
Div Yield	1.8%	P/E - 1Yr	8.89
P/B	1.54	ROE - 1Yr	14.7%

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.

- Makaseb Emirates Opportunities Fund returned 19.1% outperforming its benchmark MSCI UAE Index that returned 18% during the month. Dubai Financial Market and Abu Dhabi Securities Market returned 17.6% and 7.3% respectively.
- 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. Our sector selection in Diversified Financials, Capital Goods and Real Estate contributed to the relative performance.
- However, our stock selection detracted performance.

Fund Codes:

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

Top Holdings(%)

Al-Dar Properties PJSC	25.5
Arabtec Holding Co. P.J.S.C	17.5
Dubai Financial Market Co.	13.0
Dana Gas	11.1
Islamic Arab Insurance Co.	10.4


Sector Weights(%)

Sector	Fund	Benchmark
Banks	0.0	30.8
Insurance	10.4	0.0
Diversified Financials	13.0	12.8
Energy	11.1	5.4
Capital Goods	17.5	0.0
Real Estate	25.5	34.6
Telecom	0.0	2.3
Transportation	10.1	7.8
Utilities	0.0	3.5
Materials	0.0	2.8
Other	8.7	0.0
Bonds	0.0	0.0
Cash	3.7	0.0
Total	100.0	100.0

Makaseb Income Fund (NAV as at 26 May 09 - USD 8.0383)

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

	Total Return(%)		Total Return(%)			
	May 2009	YTD 2009	One Year	Two Year	Three Year	Since Inception
MIF	4.5	-1.2	-21.2	-21.2	-19.3	-19.6
MEIGTR	2.7	9.3	-8.01	-5.5	-9.8	0.3

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

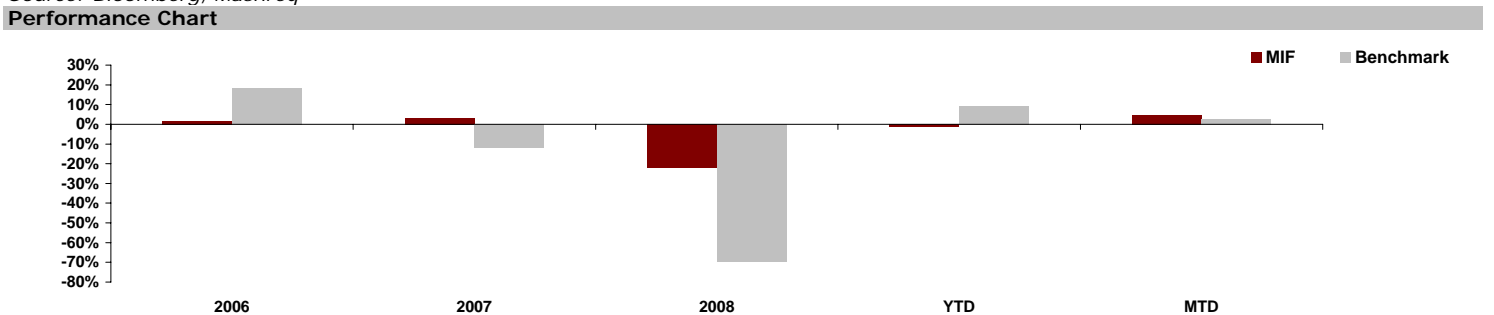
Top Holdings(%)	
Ras Al Khaimah Capital	8.7
Aldar	7.9
Emirates Bank	7.6
Ras Laffan Gas	7.2
Mubadala	6.0

Performance Summary		Income Summary	
3 Month Return	Fund(%) 11.0	YTM	Fund 10.08%
YTD	-1.2	3 month USD Libor	0.66
		Modified Duration	1.22

Regional Weights(%)	
UAE	Fund 45.4
Indonesia	9.8
India	9.8
Qatar	7.2
Singapore	3.9
Bahrain	2.8
Saudi Arabia	2.4
Turkey	2.1
Russia	1.9
Cash	14.7
Total	100

Portfolio Composition		Portfolio Rating Profile	
Bonds	Fund(%) 85.3	AA+ to AA-	Fund(%) 6.0
Cash	14.7	A+ to A-	45.5
		BBB+ to BBB-	12.6
		BB+ to BB-	6.3
		B+ to B-	5.6
		NA	9.3
		Cash	14.7
		Total	100

Source: Bloomberg, Mashreq



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 4.5% during the month of may, outperforming the index by 180bps.
- From a geographical perspective, Dubai-related entities outperformed.
- Once again, we saw the industrial space outperform the financial sector.

Fund Codes:

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

Mashreq Arab Tigers Fund (NAV as at 28 May 09 - USD 10.3986)

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

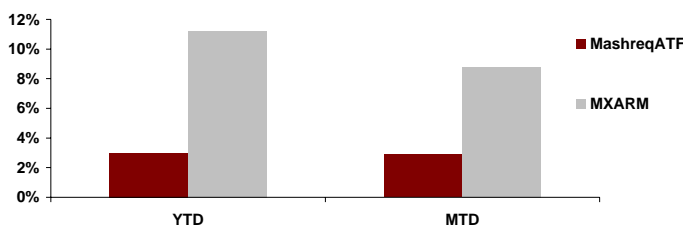
Performance				Top Holdings(%)	
	Total Return(%)		Total Return(%)		
	May 2009	YTD 2009		Since Inception	
MashreqATF	2.9	3.0		4.0	Abu Dhabi Sovereign Bond 28.2
MXARM	8.8	11.2		-41.8	Qatar Fuel 9.1
					Qatar Electricity And Water Co 5.3
					Qatar Gas Transport (Nakilat) 5.2
					Islamic Arab Insurance Co 4.9

Risk/Return Profile Since Inception			Risk/Return & Tracking vs Benchmark		Sector Weights(%)		
	Fund	Benchmark			Sector	Fund	Benchmark
Excess Return	45.8%		R-Square	0.0%	Insurance	4.9	0.1
Beta	0.00		Information Ratio	1.3	Transport	4.8	2.4
Sharpe Ratio	0.1	-1.7	Treynor Ratio	-2.3	Banks	0.6	34.5
Skewness	3.1	-0.7	Tracking Error	34.4	Telecom	5.0	16.4
Kurtosis	24.4	1.8	Correlation	-0.01	Utilities	5.3	1.5
Std. Deviation	8.5%	33.6%			Diversified Financials	4.6	3.9
					Materials	0.0	22.8
					Real Estate	4.3	7.5
					Consumer Services	0.0	0.2

Characteristics		Regional Weights(%)		
	Fund		Fund	Benchmark
Div Yield	3.1%	UAE	42.2	7.4
P/B	0.91	Saudi Arabia	0.0	47.0
P/E - 1Yr	9.18	Qatar	23.8	5.6
ROE - 1Yr	19.5%	Egypt	10.6	7.8
		Oman	3.3	1.9
		Jordan	0.0	2.0
		Bahrain	0.0	1.1
		Kuwait	0.0	20.7
		Lebanon	0.0	1.4
		Morocco	0.0	4.9
		Tunisia	0.0	0.3
		Cash	20.2	0.0
		Total	100.0	100.0

Source: Bloomberg, Mashreq

Performance Chart



Fund Strategy

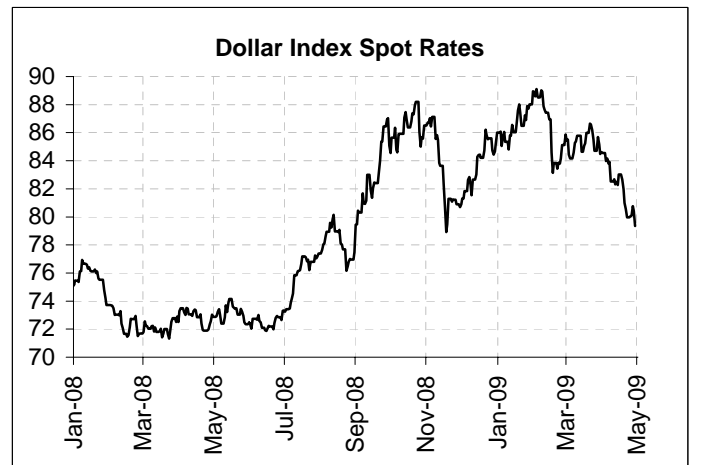
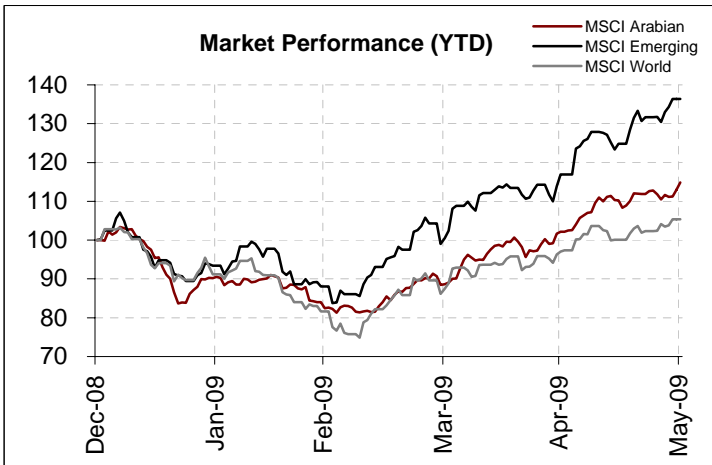
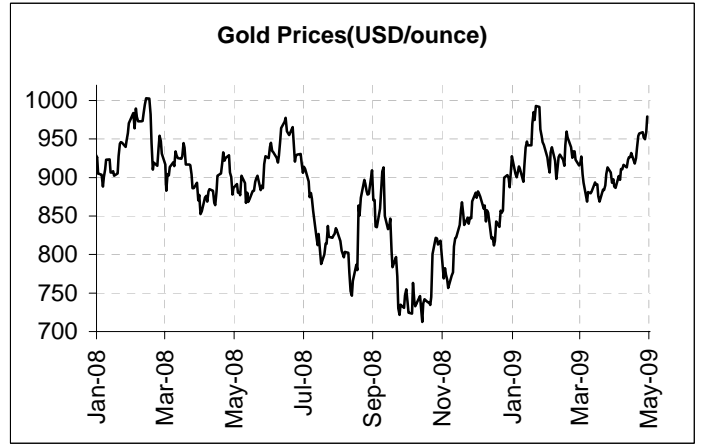
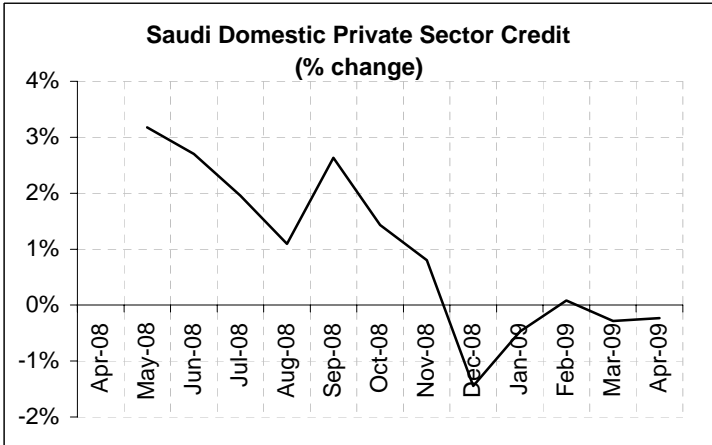
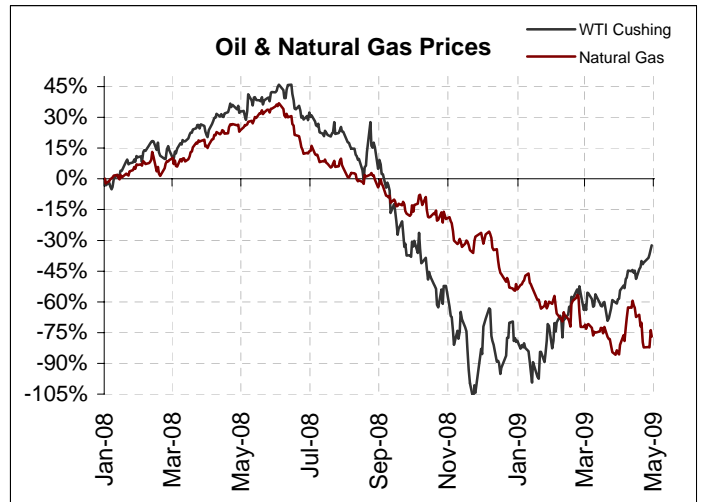
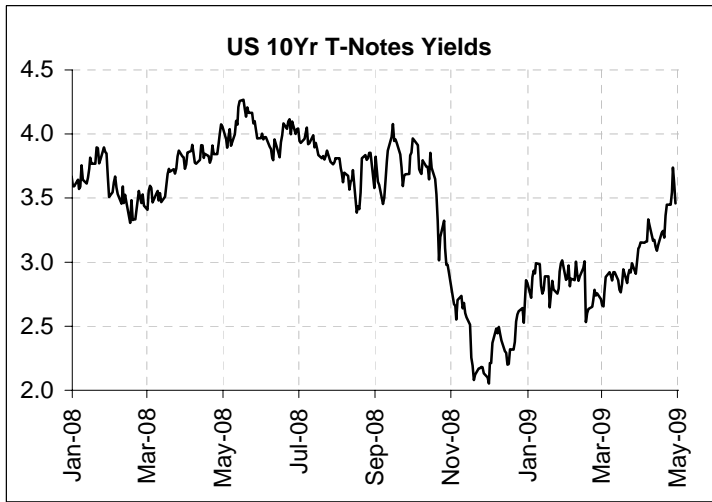
The investment objective of the Portfolio is to seek long term capital appreciation through investments made primarily in equities of companies that are listed on Recognized Markets in the Middle East and North Africa ("MENA") region.

- The Fund earned a return of 2.9% during the month whereas the benchmark MSCI Arabian Markets Index increased by 8.8% during the same period.
- Bulk of the underperformance was the result of asset allocation. Specifically, the lack of exposure in the Banking and Commodity Chemicals sector was the main reason for underperformance.
- Stock selection in Qatar worked to our advantage and helped catch up with the benchmark.

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