Aafaq Investment Funds

NBD MENA Fund

January 2007

% Return	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2005 MENA												0.59	0.59
2006 MENA	1.34	1.45	-7.26	-1.70	-14.92	-6.21	3.20	5.05	1.19	2.73	-3.97	1.47	-17.87
2007 MENA	-0.40												-0.40

YTD Returns have been compounded on a monthly basis

Fund Performance

NAV/Unit (AED)	8.23
Month on Month	-0.40%
Incep.(Nov. 2005)	-17.72%

Head of Asset Mgt
Farah Foustok

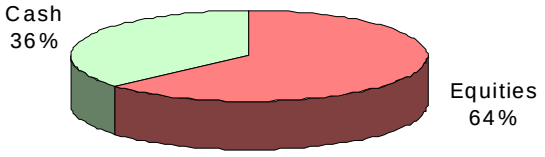
Fund Manager
Leslie Dharmasena

Management Team
Anita Shetty

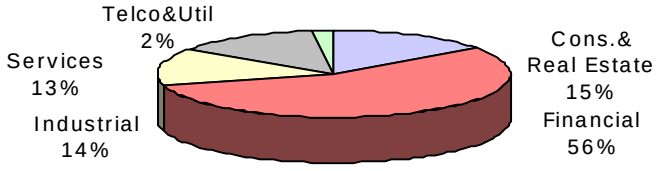
The NBD MENA Fund declined by 0.40% to close at an NAV of AED8.23 this month, significantly outperforming the Shuaa Arab Index which declined by 4.1%. This was mainly due to a 13.0% and 9.6% decline in the KSA and Qatari markets during January. The fund's strong performance is attributable to its dynamic equity allocation of 8% to the Omani market which rose by 3% during the month, 10% allocation each to Morocco and Turkey which gained 10% and 5% respectively on the back of healthy GEMS flows. Meanwhile, we continued to remain unexposed to the KSA market which has lost 13% during January. On the back of GEMs flows, a recovery in the Turkish lira and the expectation of firm 4Q2006 results, the Turkish market rallied 5.3% during the month and managed to test the psychologically important 42500 resistance level. On a wave of retail selling, Egypt however, lost all its gains over the past couple of months, declining by 5.0%. The major gainers in our investment universe were Commercial Bank of Kuwait, CFG Morocco Fund, Mobile Telecom, Kuwait Finance House and CIH which rose by 18.2%, 4.8%, 4.6% and 3.7% during the month of January while Islamic Arab Insurance, Aramex, Tabreed and Egypt Kuwait Holding declined by 12.2%, 12.5%, 14.3% and 22.5% respectively.

Notwithstanding the present lacklustre movement in the GCC markets, we believe that current valuations will provide the necessary catalyst for these markets to edge up during the next few weeks, although interim price corrections could stunt the pace of growth. We expect sentiment on the Turkish market to remain bullish in the short term supported by the positive outlook for GEMs, sound economic and corporate fundamentals and a strong lira. In Egypt, the Hermes Index is expected to remain highly volatile over the next couple of weeks, ahead of the release of the 4Q results and heightened retail activity.

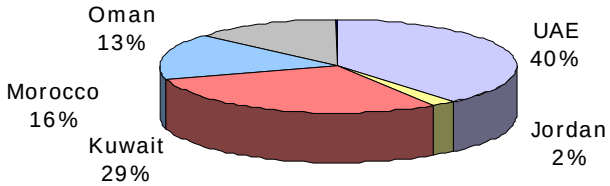
Asset Allocation



Equity Sector Allocation



Equity Country Allocation



Top Equity Holdings*

	(%)
Emaar Properties	4.89
Aabar Sukuk	4.87
Arabtec Construction	4.15
CFG Morocco Fund	4.03
Addoha	3.65

** % of NAV*

Fund Details

Type of Fund	: Open Ended	Administration Fee	: 0.1%
Fund Currency	: UAE Dirhams	Management Fee	: 2.00% (on non-cash assets)
Unit Price at Inception	: AED10		
Min. Initial Subscrip (AED)	: 100,000	Performance Fee	: 10% of gains over the Hurdle Rate of 10%
Min. Subsequent Subscrip (AED)	: 50,000		
Dealing Day	: 1st Business Day of each month	Redemption Fee	: 1.5% for Year 1 : 1.0% for Year 2
Manager	: NBD	Bloomberg Code	: NBDMENA UH
Subscription Fee	: 1.00%	Zawya Code	: NBDMENA.MF

Investment Objective

The Fund seeks capital growth by investing in a portfolio of MENA equities and equity linked securities.

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