Makaseb Emirates Equity Fund
September 2005

Investment Objective:
To achieve long term capital appreciation through investing mainly in shares of companies listed on the Stock Exchanges of UAE.

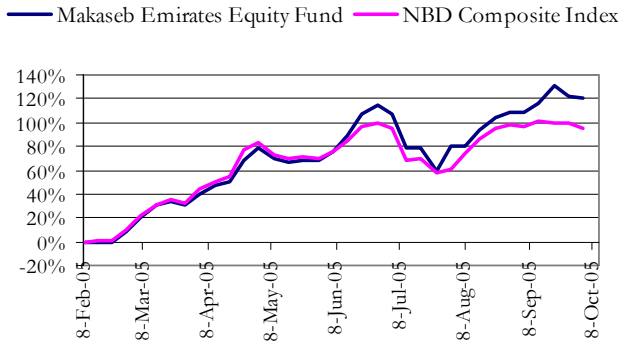
Executive Summary

Fund Type	Open-End Fund
Domicile	Bahrain
Currency	US Dollar
Regulator	Bahrain Monetary Agency
Net Asset Value	Weekly
Subscription	Weekly
Redemption	Weekly
Management fee	1.5% p.a.
Investment Manager	Mashreqbank psc
Share Registrar	Ernst & Young, Bahrain
Administrator	Gulf Investment Corporation
Custodian	Gulf Investment Corporation
Auditor	Deloitte & Touche
Primary listing	Dubai Financial Market

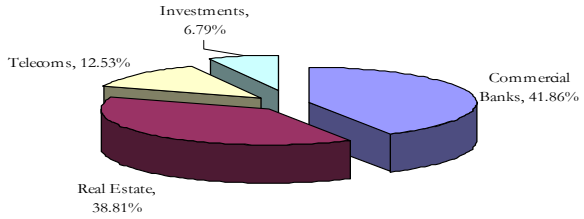
Performance Summary

NAV (Oct 3, 2005)	USD 21.56
July 2005	-21.36%
Aug 2005	25.71%
Sep 2005	10.53%
Since Inception	120.85%

Performance Chart



Sector Allocation



Overview and Outlook

The UAE markets posted moderate return of 3.3% during September as most of the liquidity found its way into Dana Gas IPO. Also, Etisalat continued to depress the market following investors' reaction to the negative news about its awaited deal to acquire 26% of Pakistan Telecommunications Company. Although Etisalat issued a press release in denial, this did not prevent its stock price to tumble down by 10% during the month. Both volume and value traded during the month were less than those in August which is bullish sign.

Makaseb Emirates Equity Fund ("MEEF") continued its upward trend during September, despite moderate performance of the UAE markets. MEEF posted a return of 10% during the month taking its YTD gains to more than 120% net of all fees and charges. The fund continued to benefit from overweighting Emaar – MEEF's largest position – whose stock price rose by 20% during the month. Also Abu Dhabi Commercial Bank – MEEF's fourth largest position – whose stock rose by 18% during the month following corporate actions announcement. Although Etisalat is still our second largest holding, reducing our exposure to the company by more than 40% over the last several months helped us minimize fund volatility with barely any significant impact on NAV/Share.

Looking ahead, we expect the UAE market's upward trend to slow down during the holy month of Ramadan. We believe this could be an opportunity for investors to reposition ahead of 3Q2005 corporate earning announcements which are expected to be better than the same period last year.

Issued on October 5, 2005