Makaseb Emirates Equity Fund
July 2005

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

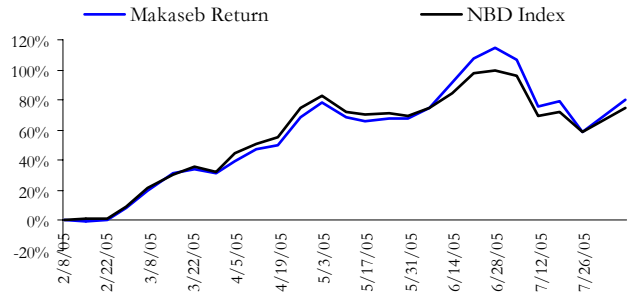
Executive Summary

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

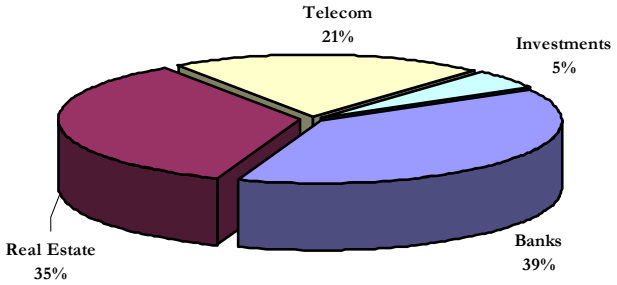
Performance Summary

NAV (Aug 8, 2005)	USD 18.01
May 2005	-3.4%
June 2005	27.4%
July 2005	-21.0%
Since Inception	80.0%

Performance Chart



Sector Allocation



Overview and Outlook

Following triple digit gains during the first half of 2005, the UAE market fell 17% in July amidst thin trading. We believe this was a technical correction triggered by lack of liquidity due to a spate of rights issues and capital calls announced by UAE companies. These capital calls in aggregate are estimated to mop up AED 40bn from the capital markets. Investor concerns about the impending capital calls shifted focus away from strong first half corporate results, with some selling to raise cash for subscribing to these rights issues. By beginning of August, the market managed to recover part of July's losses supported by a governmental proposal prohibiting start up companies from raising money through public share offers.

Following this correction, we believe that prices have dropped to fundamentally more attractive levels. This is reflected in the market average forward Price to Earnings Ratio which is now standing at 25x compared with 29.2x a month ago. July's thin trading indicated investor reluctance to sell at such low levels and hence the market has stabilized and provides a good opportunity for investors to gradually step back into the market before the announcement of the corporate results of the third quarter.

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