# MAKASEB EMIRATES EQUITY FUND

Makaseb مكاسب
FUNDS COMPANY BSC (C) لصناديق الاستثمار

## Fact Sheet for May 2007

### Executive Summary

| | |
|---|---|
| Fund Type | Open-End Fund |
| Domicile | Bahrain |
| Currency | US Dollar |
| Regulator | Central Bank of Bahrain |
| Net Asset Value | Each Sunday and Wednesday |
| Subscription | Each Monday and Thursday |
| Redemption | Each Monday and Thursday |
| Management fee | 1.5% p.a. |
| Investment Manager | Mashreqbank psc |
| Share Registrar | KeyPoint Consulting W.L.L., Bahrain |
| Administrator | Gulf Investment Corporation |
| Custodian | Gulf Investment Corporation |
| Auditor | Deloitte & Touche |
| Primary listing | Bahrain Stock Exchange |

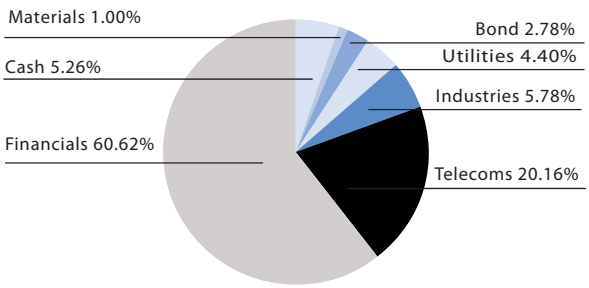
### Performance Summary

| | Makaseb Emirates Equity Fund | MSCI U.A.E Index |
|---|---|---|
| NAV (May 30, 2007) | USD 13.44 | |
| May 2007 | 17.5% | 17.0% |
| April 2007 | 3.0% | 3.9% |
| March 2007 | -7.2% | -9.9% |
| February 2007 | 3.2% | 2.9% |
| Since Inception (Feb 8, 2005) | 34.4% | 22.3% |

### Top 5 Holdings

| Stocks | Weight |
|---|---|
| Emaar Properties | 29.7% |
| Emirates Telecom Corp | 20.2% |
| Dubai Islamic Bank | 7.2% |
| Abu Dhabi Commercial Bank | 6.0% |
| National Bank of Dubai | 4.7% |

### Sector Allocation





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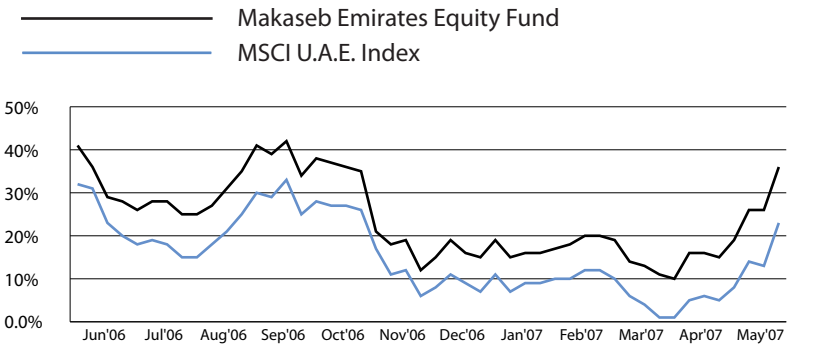


WKN: A0J3RM
ISIN: BH000A0J3RM7
BLOOMBERG CODE: MAKEEFD BI
ZAWYA CODE: MAKEMRE.MF


### Investment Philosophy

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.

### Performance Chart




### Overview and Outlook

May was excellent month for UAE equities as both Dubai Financial Market and Abu Dhabi Stock Market rose significantly by 17.7% and 18.4% respectively. Turnover in both markets stayed substantially higher than the previous month fueled by strong return of retail, institutional and foreign investors to the markets. The DFM London road show was very successful and the subsequent bullish price performance indicates towards an increase of foreign investors' interest in UAE equities.

Real estate was the top performing sector as the investors are still very bullish on Abu Dhabi real estate sector. Al Dar Properties and Sorouh continued with their spectacular performance gaining 52% and 53% respectively during the period. Banking sector was the second largest contributor to market return supported by Abu Dhabi banks. Dubai Islamic Bank also continued its bullish uptrend ended the month with gains of 34% based on 14x oversubscription of its IPO floated subsidiary "Deyyar Development". Energy stocks in Abu Dhabi Market witnessed huge buying interest which in turn pushed prices of sector constituents significantly up. Positive news flows of Taqa acquisition of Canadian oil producer Northrock, and Aabar's new oil discovery onshore in Indonesia helped in pushing prices of both stock up by 55% and 46% respectively.

Your fund managed to gain 17.5% during the month outperformed the benchmark by 0.5% thanks to our overweight in real estate sector especially Emaar, and also our overweight in Dubai Islamic Bank. Our overweight in Etisalat also contributed to the outperformance as the stock appreciated by 14% during the period.

As measured by MSCI UAE index UAE equities is trading at trilling PE ratio of 13.9x which is still cheaper than emerging markets average of 15.4x , hence we believe that foreigners flow will continue for the purpose of diversification

We are of the opinion that selective stock picking is happening in the UAE markets as at lower levels investors are preferring to accumulate certain stocks. The recovery in the market is also backed by good earnings exhibited by corporates for Q1-2007 and an anticipated good second quarter results.

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*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.*