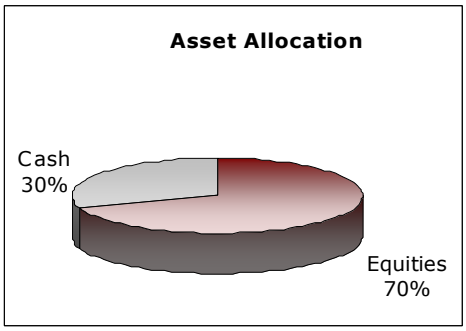
Aafaq Investment Funds
NBD MENA Fund

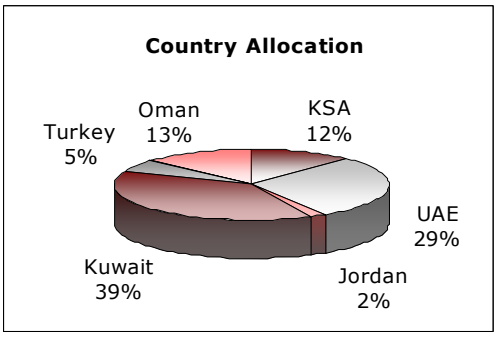
Fund Manager's Commentary — **May 2007**

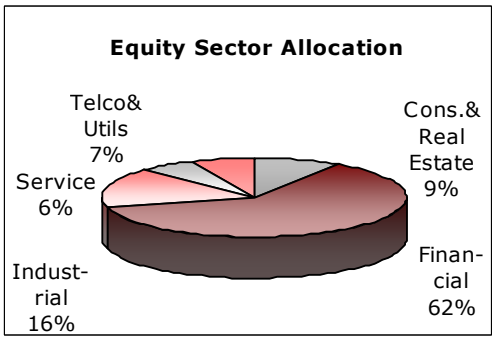
The NBD MENA Fund rose by 8.1% to close at an NAV of AED9.24 during May, comfortably outpacing the Shuaa Arab Index, which gained 6.6% during the month. The fund's strong performance is attributable to a 21.3% rise in the UAE market to which the fund had an allocation of 29%. The Kuwaiti market, to which the fund had an allocation of 27.0%, tested a new high, breaching the 11000 key resistance level for over a year, and rising by 12.5% during May. The fund's allocation of 9% in Oman continued to perform well on the back of a 7.3% rise in the Omani market. Other GCC markets such as Qatar and Bahrain also recorded strong gains while KSA remained largely flat during the month. It was encouraging to note that these gains were in no way restricted to the GCC with positive market sentiment boosting both the Egyptian and Turkish markets which rose by 5.9% and 4.7% respectively during the month. In terms of our holdings, bluechip stocks such as Emaar Properties and National Bank of Kuwait continued to remain among our top holdings as part of our defensive equity strategy. The market rally allowed us to consciously realize profit in several other significant holdings such as Arabtec in turn enabling us to build liquidity levels.

The fund continued to carefully take advantage of the volatility in the Turkish market on an opportunistic basis while decisively exiting the Moroccon market, which declined by 3.8% during the month. The major gainers in our investment universe were Aabar Petroleum, Burgan Drilling and Amlak Finance which gained 37.6%, 35.4% and 33.6% during the month while Eastern Agriculture, Saudi Arabian Refinery and CIH declined by 6.6%, 8.7% and 15.4%. Notwithstanding the strong rise in the market in May, we believe that the GCC markets still present attractive value on a selective basis and expect market momentum to continue, characterized by a series of pullbacks and rallies. In Turkey we expect market volatility to remain fairly high providing the scope for trading opportunities, while the Egyptian market is expected to remain sticky at current levels.

FUND PERFORMANCE	
NAV/UNIT (AED)	9.24
Month to Date (%)	8.1
Year to Date (%)	11.88
Since Inception (Nov. 2005) (%)	-7.57
2006 (%)	-17.87
2005 (%)	n/a
Annualised Return (%)	-5.12
Annualised Std. Dev. (%)	17.87







TOP EQUITY HOLDINGS*					
Emaar Properties	4.0	Mobile Telecommunications	3.9	Burgan Bank	3.5
National Bank of Kuwait	4.0	Muscat Fund	3.7	*% of NAV	

FUND DETAILS			
Type of Fund	Open Ended	Manager	NBD Investment Bank
Fund Currency	UAE Dirham	Subscription/Redemption	Daily
Min. Initial Subs.(AED)	50,000	Management Fee	2% (*on non-cash assets*)
Min. Subsequent Subs. (AED)	25,000	Performance Fee	10% gains over hurdle rate of 10%
Bloomberg Code/ Zawya Code	NBDMENA UH/ NBDMENA.MF	Redemption fee	1.5% for Investor Yr 1, 1% for Investor Yr 2
Administrator	APEX Fund Services (Dubai) Ltd.	Custodian	Gulf Investment Corporation

INVESTMENT OBJECTIVE – ***The Fund seeks capital growth by investing in a portfolio of MENA equities & equity linked securities.***

Head of Asset Management	Fund Management Team
Farah Foustok	Leslie Dharmasena and Anita Shetty

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NBD Investment Bank Limited is regulated by the Dubai Financial Services Authority.

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