# Aafaq Investment Funds

## *NBD MENA Fund*

**August 2006**

### Investment Objective

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

### Fund Performance

| | |
|---|---|
| NAV/Unit (AED) | 8.16 |
| Month on Month | 5.05% |
| Incep.(Nov. 2005) | -18.44% |

### Fund Details

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

### Fund Managers

Amin El-Kholy
Leslie Dharmasena

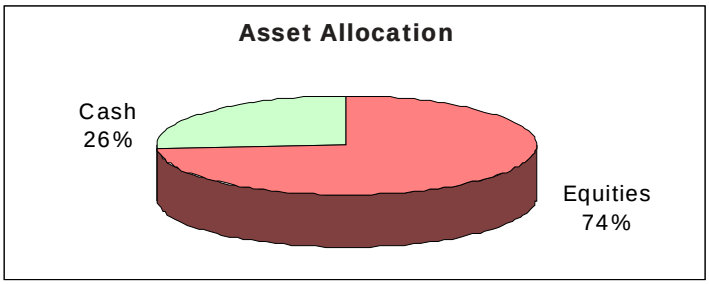
### Management Team

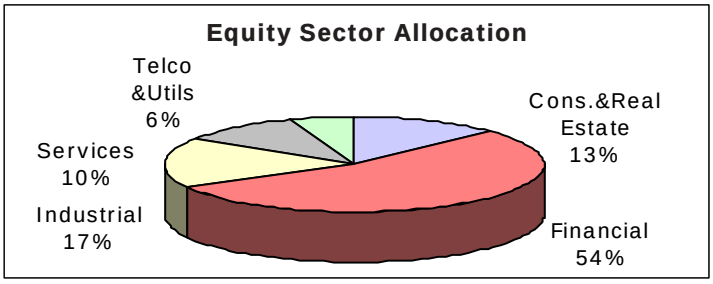
Anita Shetty

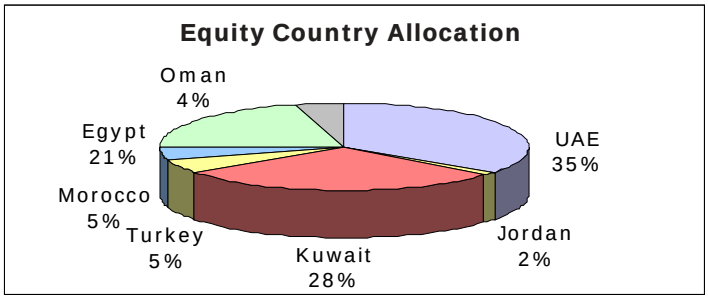
The NBD MENA Fund rose by 5.05% to close at an NAV of AED8.16 for the month of August. The fund managers maintained a 24.9% allocation to the UAE market which rose by 11.3%, while the fund also benefited from a 5.2% rise in the Kuwaiti market to which the fund has an exposure of 20.5%. Given the highly speculative nature of the KSA market, the fund managers continued to maintain a zero allocation. Going forward however, considering the re-rating in the regional markets, the fund may selectively assume positions in the KSA market. The Egyptian and Turkish markets to which the fund has an allocation of 15.0% and 3.6% rose by 8.6% and 3.4%.

The major gainers in our investment universe included Addoha, Emaar Properties, National Soc Gen Bank and Qatar Industrial Manufacturing Co., that rose by 30.0%, 27.6%, 18.6% and 17.6% while Qatar Shipping, Burgan Drilling and First Gulf bank reported declines of 17.4%, 8.8% and 2.5% respectively.

Given renewed confidence in the market, we expect the regional rally to continue over the next few weeks on the back of selective buying in blue chips stocks that is likely to re-rate the market to higher levels. Egypt and Turkey are likely to continue to display high volatility whilst coming closer to testing new resistance levels.




| Top Equity Holdings* | (%) |
|---|---|
| Aabar Sukuk | 4.68 |
| Kuwait Finance House | 3.99 |
| National Bank of Kuwait | 3.45 |
| EFG Hermes Holding | 3.37 |
| Arabtec Construction | 3.06 |

* % of NAV

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