Aafaq Investment Funds

NBD MENA Fund

February 2007

% Return	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2005 MENA												0.59	0.59
2006 MENA	1.34	1.45	-7.26	-1.70	-14.92	-6.21	3.20	5.05	1.19	2.73	-3.97	1.47	-17.87
2007 MENA	-0.40	1.47											1.07

YTD Returns have been compounded on a monthly basis

Fund Performance

NAV/Unit (AED)	8.35
Month on Month	1.47%
Incep.(Nov. 2005)	-16.50%

Head of Asset Mgt
Farah Foustok

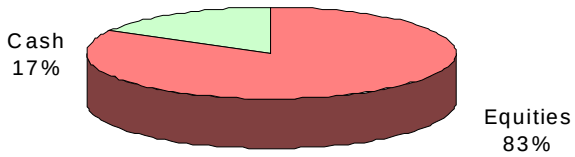
Fund Manager
Leslie Dharmasena

Management Team
Anita Shetty

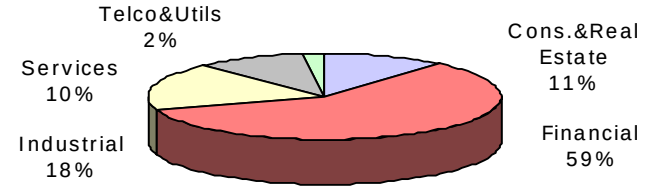
The NBD MENA Fund rose by 1.5% to close at an NAV of AED8.35 during February. The fund's strong performance is attributable to large shifts in asset allocation, locking in returns at month end and reducing exposure to KSA after aggressively trading in the KSA market which gained a significant 20.2% during the month. In the UAE and Kuwait, we continued to remain overweight with an allocation of 19.8% and 14.6% respectively. Both these markets rose by 3.7% each during February. In Oman and Qatar we maintained a relatively underweight position of 10.6% with both markets recording marginal declines during the month losing 0.3% and 0.4% respectively. The fund continued to have a 10.0% investment in the Morocco market which gained 3.8% during the month. Having risen by 6.4% during the month, the Turkish market lost most of its gains in line with the decline in the global markets, however, closing the month flat.

The major gainers in our investment universe were Saudi Arabian Refinery, Saudi Industrial Development and Etihad Etisalat which gained 51%, 45% and 43% respectively while HighTech Payment Systems, Amlak Finance and Kuwait Finance House which declined by 8%, 14% and 17% during the month. Notwithstanding the current lull in the UAE and Kuwaiti markets, we believe that the present attractive valuations will provide the necessary catalyst for the GCC markets to edge up during the next few weeks. In KSA we expect market volatility to remain high providing the scope for trading opportunities, while Turkey is likely to continue to be influenced by global fund flows as it re-approaches the 42000 psychological resistance level. In Egypt, we expect the Hermes Index to trade range bound with an upward bias.

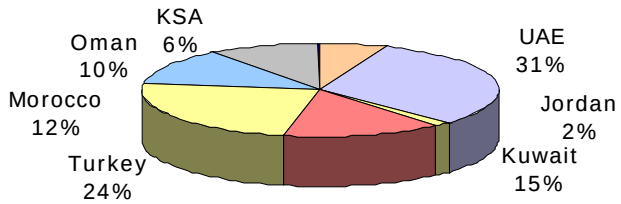
Asset Allocation



Equity Sector Allocation



Equity Country Allocation



Top Equity Holdings*

	(%)
Financial Institutions Fund	5.2
Emaar Properties	4.9
Aabar Sukuk	4.8
CFG Morocco Fund	4.1
Arabtec Construction	4.0

** % of NAV*

Fund Details

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

Investment Objective

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

This report is provided for information purposes only, and is subject to change without notice. This report is not intended to be an offer, or the solicitation of any offer, to buy or sell any securities. The market information contained herein, although believed to be reliable, has not been independently verified and cannot be guaranteed. NBD makes no representations or warranties as to the accuracy or completeness of information contained herein. Past performance is not a guarantee for future results.

For enquiries: National Bank of Dubai, P.O. Box 777 Dubai, UAE
Tel: 04-2012962; Fax: 04-2280976; Website: www.nbd.com